CLEAR THINKING

CANADIAN WESTERN BANK
Think Western®

FIVE YEAR FINANCIAL SUMMARY

($ thousands, except per share amounts)

	2005	2004	2003	2002	2001
Results of Operations					
Net interest income (teb)[1]	$ 140,320	$ 117,236	$ 107,655	$ 91,284	$ 85,501
Less teb adjustment	3,975	3,898	2,992	2,449	–
Net interest income per financial statements	136,345	113,338	104,663	88,835	85,501
Other income	47,696	36,099	25,326	22,136	19,758
Total revenues (teb)	188,016	153,335	132,981	113,420	105,259
Total revenues	184,041	149,437	129,989	110,971	105,259
Net income	54,391	44,161	38,193	29,612	30,145
Return on common shareholders' equity	12.7%	12.9%	12.9%	11.2%	13.5%
Return on average total assets	1.03%	0.97%	0.95%	0.84%	0.95%
Per Common Share[2]					
Average common shares outstanding (thousands)	30,197	26,782	25,616	25,258	24,002
Earnings per share					
Basic	$ 1.80	$ 1.65	$ 1.49	$ 1.17	$ 1.26
Diluted	1.74	1.50	1.34	1.07	1.13
Dividends[3]	0.380	0.375	0.230	0.200	0.180
Book value	14.96	13.45	12.16	10.99	10.04
Market price					
High	40.70	24.13	20.00	14.68	15.25
Low	22.08	19.13	11.63	11.63	11.15
Close	35.20	23.83	19.98	12.88	13.14
Balance Sheet and Off-Balance Sheet Summary					
Assets	$ 5,705,028	$ 4,918,895	$ 4,343,972	$ 3,828,162	$3,439,568
Cash resources, securities and repurchase agreements	976,000	848,179	766,699	599,927	576,228
Loans	4,590,263	3,930,114	3,529,003	3,182,316	2,811,640
Deposits	4,913,307	4,267,788	3,819,750	3,429,071	3,042,307
Subordinated debentures	128,126	110,600	121,951	57,126	67,126
Shareholders' equity	457,990	367,589	316,231	278,087	252,262
Assets under administration	2,649,065	1,759,473	1,474,964	1,166,489	873,538
Capital Adequacy					
Tangible common equity to risk-weighted assets	9.7%	9.0%	8.9%	8.8%	9.3%
Tier 1 ratio	9.7%	9.0%	8.9%	8.8%	9.3%
Total ratio	12.4%	11.8%	13.1%	11.4%	12.5%
Other Information					
Efficiency ratio (teb)	49.2%	49.8%	46.3%	50.7%	50.0%
Efficiency ratio	50.3%	51.1%	47.4%	51.8%	50.0%
Net interest margin (teb)	2.66%	2.57%	2.68%	2.60%	2.69%
Net interest margin	2.59%	2.48%	2.60%	2.53%	2.69%
Provision for credit losses as a percentage of average loans	0.24%	0.25%	0.25%	0.26%	0.23%
Net impaired loans as a percentage of total loans	(0.68)%	(0.36)%	(0.36)%	0.13%	0.25%
Number of full-time equivalent staff[4]	999	936	632	583	548
Number of bank branches	31	29	27	27	27

[1] Most banks analyse revenue on a taxable equivalent basis (teb) to permit uniform measurement and comparison of net interest income. Net interest income (as presented in the consolidated statement of income) includes tax-exempt income on certain securities. Since this income is not taxable, the rate of interest or dividend received is significantly lower than would apply to a loan or security of the same amount. The adjustment to taxable equivalent basis increases interest income and the provision for income taxes to what they would have been had the tax-exempt securities been taxed at the statutory rate. Prior to fiscal 2002, tax-exempt security income was insignificant and no taxable equivalent adjustments were made. The taxable equivalent basis does not have a standardized meaning prescribed by generally accepted accounting principles (GAAP) and therefore may not be comparable to similar measures presented by other banks.

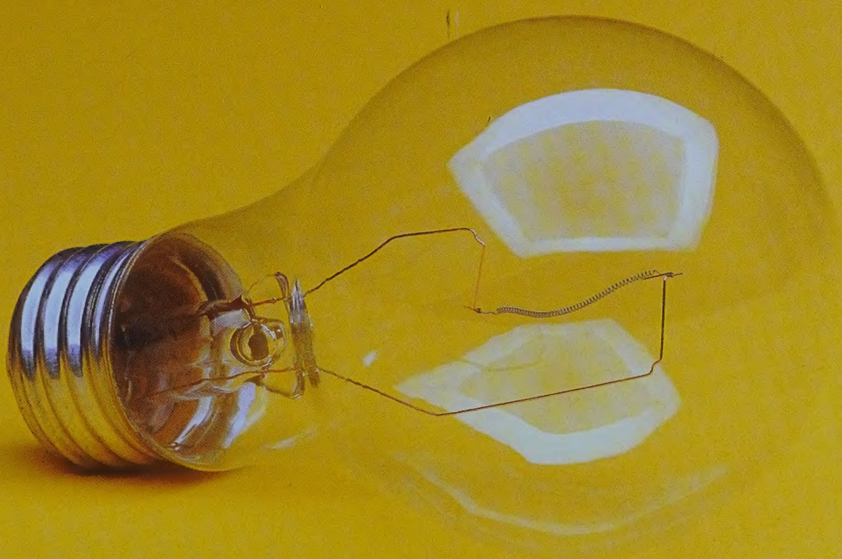
[2] A stock dividend effecting a two-for-one split of the Bank's common shares was declared and paid in 2005. All prior period common share and per common share information has been restated to reflect this effective split.

[3] The dividend policy was amended to be quarterly instead of semi-annually during the first quarter of fiscal 2004. The dividend rate for fiscal 2004 appears unusually high as it includes the last semi-annual dividend of $0.150 per share paid in the first quarter and quarterly dividends of $0.075 paid in subsequent quarters.

[4] The increase in employees in 2004 reflects the acquisitions of Canadian Direct Insurance Incorporated and Valiant Trust Company.

CLEAR THINKING

At Canadian Western Bank, all our business lines share the same philosophy: Clear Thinking. It's a way of doing business that combines experience, passion and focus. It means sticking to what we know, providing superb service and following a proven business plan. And it results in a clear advantage for our customers, shareholders and employees. In a world of clutter, clarity speaks volumes. See for yourself on the pages that follow.



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PERFORMANCE TARGETS

In 2005, Canadian Western Bank (CWB) exceeded all our performance targets, surpassing key targets for income, revenue and loan growth by a considerable margin. In 2006, CWB will look to continue its long history of strong financial performance. Key targets for 2006 include net income growth of 18% and loan growth of 12%, while maintaining strong credit quality with a provision for credit losses of 0.22% of average loans. We expect continued growth and performance across all our banking, trust and insurance businesses and remain well positioned to pursue new growth opportunities in the coming year.

	2005 Target	2005 Performance	2006 Target
Net Income Growth	15%	23%	18% or greater
Total Revenue (teb) Growth	15%-18%	23%	15%
Loan Growth	12%	17%	12%
Provision for Credit Losses as a Percentage of Average Loans	0.25% or less	0.24%	0.22% or less
Efficiency Ratio (teb)	50% or less	49.2%	48% or less
Return on Equity	12% or greater	12.7%	13% or greater
Return on Assets	0.98% or greater	1.03%	1.05%

2005 HIGHLIGHTS

- Record net income of $54.4 million, an increase of 23% over the previous high recorded in 2004.
- Achievement of our 70th consecutive quarter of profitability, a period spanning more than 17 years.
- Growth in total revenues of 23%.
- Total loan growth of 17%, marking our 16th consecutive year of double-digit loan growth.
- Continued strong credit quality, with an annual provision for credit losses of 0.24% of average loans.
- Growth in lower cost demand and notice deposits of 51%, a key factor in leveraging our core profitability.
- An efficiency ratio (non-interest expenses to total revenues) of 49.2%, which continues to lead the Canadian banking industry.
- Record net income from banking and trust operations of $49.3 million, an increase of 18% over 2004.
- Net income from insurance operations of $5.1 million, reflecting a strong combined ratio of 91%.
- Payment of a stock dividend effecting a two-for-one split of our common shares in January 2005.
- Total return to shareholders, including reinvested dividends, of 50% during the year.

OUR HISTORY OF FINANCIAL PERFORMANCE

Total Assets ($ millions)

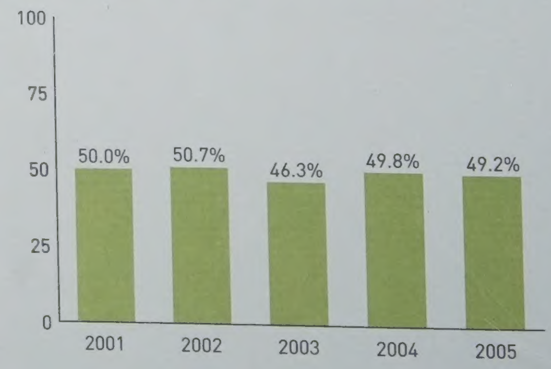
Total Loans ($ millions)

Total Revenues (teb) ($ millions)

Net Income ($ millions)

Provision for Credit Losses
(as a percentage of average loans)

Efficiency Ratio (teb)
(expenses to revenues)



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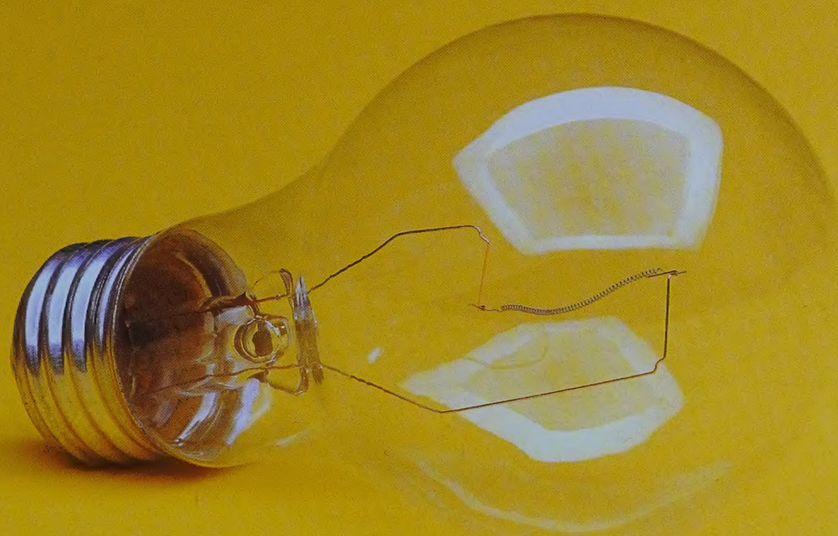

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MESSAGE TO SHAREHOLDERS

We are very pleased to report that your bank recorded the best financial results in its 22-year history in fiscal 2005. All annual performance targets, which included aggressive objectives for asset, revenue and income growth, were surpassed by a comfortable margin.

We pride ourselves on meeting objectives, the ongoing quality of our earnings and our long and continuing history of strong financial performance. Notable milestones for 2005 were the achievement of our 16th consecutive year of double-digit loan growth, recording our 70th consecutive profitable quarter and generating record total revenues and net income.

Investors are becoming increasingly aware of the Canadian Western Bank story and recognized our performance during the year. At year-end, CWB shares closed at $35.20, which, including reinvested dividends, brought shareholders a 12-month total return of 50 percent. Shareholders also saw the liquidity of their investment improve during the year following a stock dividend, which effectively achieved a two-for-one split of our common shares.

The theme of this year's annual report is "Clear Thinking". Through this theme, we explore all of our lines of business and what makes us different and successful in each. There is clarity of vision and a clear difference in our approach to each aspect of our business that sets us apart and leads to long-term success and value for shareholders.

Commercial and Personal Banking

While Canadian Western Bank continues to evolve and diversify, commercial banking remains our primary driver of growth. Benefiting from the robust economic conditions in Western Canada, and in British Columbia and Alberta in particular, our experienced team of commercial lenders generated very impressive numbers this year. Total loan growth of 17 percent for 2005 was well ahead of our target of 12 percent.

The buoyant economy also supported our key initiative of increasing margins by raising additional lower cost deposits through our network of branches and Canadian Western Trust. Excellent progress against this objective was made this year as lower cost notice and demand deposits balances increased by 51 percent.

The high quality of our loan portfolio reflects our strong credit discipline and the current economic climate as evidenced by reductions in impaired loans and specific provisions, and an increasing coverage ratio.

Trust Services

Growth was very strong in both of our trust companies during 2005 with assets under administration up 51 percent to total $2.6 billion. At Canadian Western Trust, business activity was very strong with total accounts up 33 percent. Notice deposits increased 88 percent during the year as this business continues to be an excellent source of lower cost funding. Operational enhancements completed during the year have us well prepared for continued strong growth in the years to come.

Growth was equally impressive at Valiant Trust where client appointments were up 40 percent in 2005 and 80 percent since we acquired the company in April 2004. Late in the fiscal year, Valiant's operations expanded outside Alberta with the opening of a Vancouver office to serve public and private companies in British Columbia.

Insurance

Our entrance into personal home and auto insurance through the purchase of Canadian Direct Insurance in April 2004 has been very successful to date. This unique company has provided an excellent return on investment, improved our overall revenue diversification and possesses strong growth potential. The

regulatory environments in both British Columbia and Alberta present unique challenges that we continue to adapt to and incorporate into our business model.

Think Western® Culture

While there are many differences across our banking, trust and insurance lines of business, there is one constant. Our success in each area is a direct reflection of the high quality of our employees and their dedication to outstanding customer service. We would like to recognize the ongoing efforts of all our employees and thank them for their contributions to past, present and future successes.

Governance

Public companies are continually held to higher standards of corporate governance. At Canadian Western Bank, strong and effective governance has always been a high priority and our Board continually improves the governance framework to incorporate new standards and best practices to meet changing shareholder needs.

Outlook

While 2005 was an exceptional year, we have very high expectations and will look for more of the same in 2006. Financial targets for the coming year include aggressive objectives for asset, revenue and net income growth. We feel these targets are challenging, yet attainable, with the continued execution of our proven business plan.

In 2005 and in the beginning of fiscal 2006, we improved our capital position and structure, which allows us room for significant asset growth without the issuance of further common equity. This strength will assist in improving return on equity and allow us to remain opportunistic in pursuing acquisitions that will provide earnings accretion to shareholders and add to the current strength within our existing lines of business.

Jack C. Donald
Chairman

Larry M. Pollock
President and CEO

CLEAR FOCUS

COMMERCIAL BANKING

Our commercial banking focus is on the needs of our customers. It's a simple philosophy that has helped us attain double-digit loan growth for 16 consecutive years. We take pride in providing prompt, local credit decisions and full-service commercial banking through our team of experienced account managers. We specialize in serving mid-market businesses in Western Canada, and our areas of expertise include Commercial Operating and Term Loans, Industrial Equipment Financing and Leasing, Commercial Real Estate Lending, and Oil and Gas Financing. Sticking to the markets we know and understand, and providing that extra personal touch truly sets us apart. Building strong relationships helps our customers build strong businesses.

A clear involvement... Bob Granger is Assistant Vice President, Commercial Lending, at our 103rd Street branch in Edmonton. Bob takes "going that extra mile" for customers seriously and is a firm believer in regularly visiting the companies he does business with to better understand their unique needs.

CLEAR FIT

PERSONAL BANKING

We provide a distinctive brand of personal banking that's a comfortable fit for our customers. A competitive range of deposit accounts, investment products, mortgages, personal loans and credit cards are delivered in our signature Think Western® style. This means good old-fashioned face-to-face service, a relaxed atmosphere and no lineups. Our knowledgeable employees are approachable and ready to provide tailor-made solutions to suit the needs of our customers. And when people phone us, they hear a real voice on the other end of the line, not a voice mail recording. When life gets too hectic to drop by one of our branches, we offer the convenience of Internet and telephone banking. As we continue to add services and expand our network of branches across Western Canada, we'll continue to provide a level of service that's second to none.

A clear friendship... Tera-Lee Flavel is Assistant Manager, Sales and Service, at our Regina branch. Tera-Lee's on a first-name basis with her customers and says that face-to-face communication is the key to turning customers into friends. She believes that no matter what the challenge, there's always a solution to make our customers happy.

CLEAR DIRECTION

TRUST SERVICES

Two distinct trust companies with one common goal — smooth sailing for our clients. Whether doing business with Canadian Western Trust or Valiant Trust, our customers can count on the support of an experienced team of dedicated professionals. Our niche is providing small and mid-sized companies with unparalleled service and exceptional value. Canadian Western Trust offers retirement, trustee and custodial solutions to financial advisors, corporations, and individuals. Valiant Trust provides stock transfer agency services and corporate trust services to both private and public corporations. Together, the unique and diverse range of services offered by these two companies present customers with a highly competitive, western-based choice for their trust services needs.

A clear communicator... Janet Brown is Director of Client Services at Valiant Trust in Vancouver. Janet's personal philosophy when dealing with clients is straightforward: treat them with respect. She believes clear, simple communication is key when dealing with complex issues.

CLEAR VALUE

INSURANCE

At Canadian Direct Insurance, our commitment to savings is crystal clear — we provide our customers with better insurance for less money. We offer both auto and home insurance directly to consumers in British Columbia and Alberta over the phone or via the Internet. By dealing direct, we are able to eliminate broker commissions and pass the savings along to our customers. When it comes to buying or renewing insurance or making a claim, Canadian Direct consistently achieves customer satisfaction ratings that are among the best in the business. For added convenience and peace of mind, our claims help line is available 24 hours a day, seven days a week.

A clear team philosophy... Brian Young is President and CEO of Canadian Direct Insurance. Brian knows the importance of focusing on the customer, and takes great pride in the company's reputation for service and value. Being able to consistently exceed customer expectations takes a real team effort.

CLEAR COMPASSION

COMMUNITY SPIRIT

At Canadian Western Bank, caring comes straight from the heart. It's part of our Think Western® culture. And it's why employees are committed to their customers and passionate about supporting their communities. Whether it's organizing a 30-hour soccer challenge to raise funds for cancer research, or pitching in to support the United Way, our people epitomize the volunteer spirit. Corporately, our support includes the areas of health, caregiving, education, community programs, sports, culture and the arts. We help numerous charities, focusing on organizations and projects where employees have an opportunity to get involved and add value directly to the western Canadian communities they live in.

A clear inspiration... Marlene Serediuk is Deposit Services Officer and Mutual Fund Sales Representative at our St. Albert branch. If you look up "volunteer" in the dictionary, you'll see her picture. She's involved with a long list of community organizations, including the United Way, the Alberta Diabetes Foundation, and the RCMP Youth Vandalism Task Force, just to name a few.

CORPORATE GOVERNANCE

INTRODUCTION

Sound and effective corporate governance has always been a priority for Canadian Western Bank. The Board of Directors (the Board) and management of the Bank are committed to govern and maintain the Bank's operations effectively and efficiently within its regulatory environment. Corporate governance policies are reviewed regularly for improvement and are designed to strengthen the ability of the Board to effectively supervise management and enhance long-term shareholder value.

The Board's Corporate Governance & Human Resources Committee provides direction, monitors compliance and makes recommendations to the Board to enhance corporate performance and promote ongoing improvement in Board effectiveness.

THE BOARD OF DIRECTORS

The Board has reviewed the status of each of its directors to determine whether such director is "independent" as defined in *National Instrument 58-101 Disclosure of Corporate Governance Practices* (NI58-101) or "affiliated" as defined by the affiliation regulations set forth in the Bank Act. The review included the completion of self-assessment questionnaires by each of the directors and a detailed review of such questionnaires by the Conduct Review Committee. As a result of this review and after consideration of all business, charitable and family relationships among the directors and the Bank, the Board has determined that all of the directors, except Mr. Pollock, (or 92 percent of the Board) are both independent and not affiliated with the Bank. Mr. Pollock is not independent and is affiliated with the Bank as a result of his position as President and Chief Executive Officer of the Bank. It is a requirement under the Bank Act that the Chief Executive Officer (CEO) be a director of the Bank.

The Board holds four regular meetings each year, as well as additional meetings as required. At the end of every regularly scheduled Board meeting, a session is held without any management, including the CEO, present. In the year ended October 31, 2005, the Board had four sessions at which the CEO and other members of management were not in attendance.

Mr. Jack Donald is the Chairman of the Board. Mr. Donald is an independent director as defined in NI58-101. As Chairman of the Board, his responsibilities include ensuring that the Board functions effectively and independently of management and that it meets its obligations and responsibilities as set out in its mandate.

BOARD MANDATE

The Board's mandate sets out the Board's purpose, organization, duties and responsibilities. Its written mandate is summarized as follows.

The Board has responsibility for stewardship of the Bank, including:

- to the extent feasible, satisfying itself as to the integrity of the Chief Executive Officer and other executive officers (as defined in *National Instrument 51-102 Continuous Disclosure Obligations*) and that the CEO and other executive officers create a culture of integrity throughout the organization;
- adopting a strategic planning process and approving, on at least an annual basis, a strategic plan which takes into account, among other things, the opportunities and risks of the business;
- the identification of the principal risks of the Bank's business, and ensuring the implementation of appropriate systems to manage these risks;
- overseeing succession planning (including appointing, training and monitoring senior management);
- adopting a communication and disclosure policy for the Bank;
- overseeing the Bank's internal control and management information systems;
- developing the Bank's approach to corporate governance, including developing a set of corporate governance principles and guidelines that are specifically applicable to the Bank; and
- reviewing and disclosing, no less than annually, measures for receiving feedback from stakeholders.

In addition to the above, the Board shall:

- with the assistance of the Corporate Governance & Human Resources Committee, review and ratify the employment, appointment, grade levels and compensation of the top five executive employees of the Bank and approve all senior officer appointments (Vice President and higher);
- with the assistance of the Corporate Governance & Human Resources Committee, develop a position description for the Chief Executive Officer, which, together with other board approved policies and practices, should provide for a definition of the limits to management's responsibilities, approve the objectives of the Bank to be met by the Chief Executive Officer, and ensure the performance of the Chief Executive Officer is evaluated at least annually;
- with the assistance of the Corporate Governance & Human Resources Committee, develop a process to evaluate the effectiveness of each director and the Board as a whole on no less than a biannual basis;
- review and approve the strategic plan, the annual business plan and accompanying capital plan and financial operation budget, including capital expenditures;
- approve material it divestitures, acquisitions and financial commitments;
- with the assistance of the Audit Committee, approve the annual audited and interim unaudited financial statements, the annual and quarterly Management's Discussion and Analysis (MD&A), the Annual Information Form, the Management Information Circular and other annual public documents of the Bank;
- determine the content and frequency of management reports;
- review any recommendations from regulators or the external auditors respecting their assessment of the effectiveness of the internal controls that come to their attention in the conduct of their work;
- ensure an independent audit/inspection function is in place to monitor the effectiveness of organizational and procedural controls; and
- with the assistance of the Audit Committee and Loans Committee, approve loan write-offs.

The Board has developed written position descriptions for the Chairman of the Board as well as the Chair of each board committee. The Board has also developed a written position description for the CEO.

ORIENTATION AND CONTINUING EDUCATION

The Bank has not adopted a formalized process of orientation for new Board members although all directors are provided with a Directors' Manual, which includes a copy of all Board and committee mandates and policies, the Bank's by-laws and other reference material. New directors are also provided the opportunity to meet with senior management and other directors.

Directors are kept informed as to matters impacting, or which may impact, the Bank's operations through reports and presentations at the quarterly Board meetings. Special presentations on specific business operations are also provided to the Board. In 2005, a presentation was made to the Board by senior management from the Treasury department. Special meetings, dedicated to strategic planning and to the annual budget, are also held annually by the Board.

ETHICAL BUSINESS CONDUCT

The Bank has a written code of conduct for its directors and a written code of conduct for its officers and employees. A copy of both of these codes may be found on SEDAR at www.sedar.com. The Board monitors compliance with the codes by requiring each director, officer and employee to annually sign a certificate confirming his/her compliance with the applicable code. To the knowledge of the Board, there have been no departures from the code during fiscal 2005 that would have required the filing of a material change report.

In the event a director or executive officer has a material interest in any transaction or agreement considered by the Board, or any committee of the Board, such interest must be declared and recorded in the minutes of the meeting and the director or executive officer must vacate the meeting while the transaction or agreement is being discussed. The responsibilities of the Conduct Review Committee include establishing procedures to ensure disclosure and review of related party transactions in accordance with the requirements under the Bank Act. These procedures include obtaining an annual certificate from each director and officer of the Bank, which discloses all related parties of the director or officer and any related party transactions with the Bank.

The Board believes that a culture of strong corporate governance and ethical business conduct must be endorsed by the Board and the executive officers. The codes of conduct address many areas of business conduct and provide a procedure for employees to raise concerns or questions regarding questionable audit or accounting matters.

The Bank has adopted a corporate disclosure policy which is reviewed annually. Quarterly and annual financial packages are reviewed by an internal Disclosure Committee prior to being recommended for Board approval and CEO/CFO certification of annual and interim filings. Inquiries and requests for information from shareholders and potential investors receive prompt attention from an appropriate officer. The Bank's quarterly earnings conference calls with analysts and institutional investors are broadcast live, via the Internet, and archived on the Bank's website for 60 days. The calls are also accessible on a live and recorded basis via telephone to interested retail investors, the media and members of the public. The Bank also includes all significant disclosure documents on the investor relations page of its website at: www.cwbank.com/investor_relations/default.asp.

The Bank has engaged an independent Ombudsman to receive complaints from banking clients who are unable to obtain satisfaction from the internal complaint handling process.

NOMINATION OF DIRECTORS

The Corporate Governance & Human Resources Committee annually reviews both the size and composition of the Board in accordance with the Bank's policy "Board and Member Review and Assessment". In considering new nominees for the Board, the Committee assesses the skills, expertise and experience of the incumbent directors in order to determine the skills, expertise and experience it should seek in new board members to add value to the Board. As each director is expected to participate on one or more of the Board's four committees, expertise and experience related to a particular committee may be considered by the Committee. The Committee also considers such matters as a candidate's integrity, independence and residency. The Committee then assesses each potential nominee against the criteria developed by the Committee.

The Corporate Governance & Human Resources Committee has responsibility for identifying new candidates for board nomination. This committee is comprised of six directors, all of whom are independent. The mandate of this committee in respect of nomination and board assessment matters specifically sets out the following duties and responsibilities:

- seek and recommend individuals to be considered for Board membership, as required by the Board, and forward their recommendations to the Board for its consideration;
- review, monitor and make recommendations regarding new director orientation and the ongoing development and education of existing Board members;
- evaluate biannually Board effectiveness including membership criteria, composition, structure and size and, on alternate years, the involvement and contribution of the individual members with concerns recorded and brought to the attention of the Committee chair, who, in conjunction with the Committee, determines if further action is required; and
- make recommendations to the Board regarding revisions or additions to the Board of Directors' Manual.

COMPENSATION

The remuneration paid to the Bank's directors and officers is reviewed each year by the Corporate Governance & Human Resources Committee. The level of remuneration is designed to provide a competitive level of remuneration relative to comparable positions in the marketplace. A comparator group is developed by identifying companies, primarily within the Bank's market, of similar size considering value of assets, number of employees and revenue. Consultants are periodically retained to obtain this information and to assess the Bank's relative position.

The Corporate Governance & Human Resources Committee has responsibility for determining the compensation of the Bank's directors and officers. This committee is comprised of six directors all of whom are independent. The mandate of this committee in respect of compensation matters specifically sets out the following duties and responsibilities:

- review and recommend to the Board the fees and other benefits to be paid to directors;
- review and recommend to the Board the employment and appointment of the executive officers, to establish their grade levels and compensation, as well as to determine promotions and to consider changes where warranted in the level of compensation and grade of incumbent executive employees and officers upon review of their performance;
- review the position descriptions for the executive officers, ensuring such descriptions remain current and appropriate and, further, to also ensure position descriptions are in place for all other executive officers;
- establish, in conjunction with the CEO, an executive compensation structure to compensate all levels of executive employees and, within such compensation structure as may at that time be in effect, to make adjustments and annual revisions as necessary;

- ensure an annual performance appraisal is completed for the CEO and that it is reviewed with him by the Chairman of the Board;
- establish, amend and, where appropriate, terminate:
  - o all programs and other personal benefits granted to executive employees;
  - o incentive compensation plans and other bonus arrangements, to administer such plans and to make appropriate interpretations and determinations as required;
  - o share incentive plans and similar arrangements involving the grant of share options, or other benefits to employees attendant upon the issuance of securities and, in addition, to make grants of options under any share incentive plan and generally to administer such plans, subject to necessary regulatory and shareholder approval; and
  - o annuity, pension and retirement programs for executive employees;
- review the human resource succession plan as prepared by senior management for all officers and any other senior position considered critical to operations; and
- review and report to the Board on compensation plans for senior management and other personnel in order to confirm they are consistent with the Bank's sustainable long-term objectives.

The Corporate Governance & Human Resources Committee has the power to retain consultants, including compensation consultants or advisors, as the Committee may determine necessary or advisable to carry out its responsibilities. During the year ended October 31, 2005, the Committee did not retain any consultant. However, the Committee did purchase and review a detailed compensation report prepared by a benefit-consulting firm.

BOARD COMMITTEES

The Board has four standing committees: the Audit Committee, the Conduct Review Committee, the Corporate Governance & Human Resources Committee and the Loans Committee. The Audit Committee and Conduct Review Committee are required committees under the Bank Act. All directors currently participate in at least one standing committee.

Audit Committee

Members:	Robert Manning (Chair)	Robert Phillips
	Wendy Leaney	Alan Rowe
	Gerald McGavin	

This committee is comprised of five financially literate and independent directors. Its written mandate is summarized as follows:

- review the annual audited and quarterly unaudited financial statements, the annual and quarterly MD&A, the Annual Information Form and other annual public documents of the Bank containing financial information and report thereon to the directors before approval is given;
- review the Bank's earnings press releases before the Bank publicly discloses this information;
- discuss major issues regarding accounting principles and financial statement presentations, including significant changes in the Bank's selection or application of accounting principles, analyses prepared by management or the external auditors setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements;
- meet with the external auditors to discuss the annual and quarterly financial results and the returns referred to within this mandate and receive the auditors' reports thereon;
- recommend to the Board the appointment of the external auditors, who shall report directly to the Committee. Review the terms of the external auditors' engagement, their level of remuneration, the audit plan, any proposed changes in accounting policies, their presentation and input concerning significant risks and key estimates and judgments of management;
- resolve disagreements between management and the external auditors regarding financial reporting;
- review the independence of the external auditors;
- review and approve the policy for non-audit services to be completed by the external auditors, which includes an established definition of what constitutes non-audit services and a requirement for pre-approval for all but de minimus engagements. The Committee may delegate to one or more Committee members, the authority to grant approval of such services, provided the decisions of such members are reported to the full Committee at its next meeting;
- review and approve the Bank's hiring policies regarding employees and former employees of the present and former external auditors of the Bank;
- require the management of the Bank to implement and maintain appropriate internal control procedures. Review, evaluate and approve those procedures;
- meet with the Chief Internal Auditor of the Bank and with management of the Bank, to discuss reports on internal audit activities and findings and the effectiveness of the internal control procedures established for the Bank. Review the mandate and annual plan of the internal audit department;
- review correspondence received from regulators and external auditors together with management's responses concerning the effectiveness of internal controls and other matters that fall within the responsibility of the Committee;
- review such returns of the Bank as the Superintendent of Financial Institutions may specify;
- review such investments and transactions of the Bank, that could adversely affect the well-being of the Bank as the external auditors or any officer of the Bank may bring to the attention of the Committee;
- review a quarterly report from the Loans Committee of the Board concerning the quality of the loan portfolio, the adequacy of the allowance for credit losses and accounts recommended for write-off;
- review the appointment of the Chief Financial Officer and the Chief Internal Auditor;
- review periodically the Code of Conduct for senior financial officers;
- review a quarterly report from the Bank's Disclosure Committee;
- review a quarterly report from the Canadian Direct Insurance Incorporated Audit and Conduct Review Committee;

- establish procedures for the receipt and handling of complaints received by the Bank regarding accounting, internal accounting controls, or auditing matters, and establish procedures for the confidential, anonymous submission by employees of the Bank of concerns regarding questionable accounting or auditing matters;
- review and assess annually the adequacy of its mandate; and
- prepare any report from the Committee that may be required to be included in the Bank's Management Information Circular or that the Board elects to include on a voluntary basis.

Conduct Review Committee

Members:	Albrecht Bellstedt (Chair)	Allan Jackson
	Charles Allard	Arnold Shell

This committee is comprised of four independent directors. Its written mandate is summarized as follows:

- establish procedures to ensure disclosure of transactions with specified related parties of the Bank and, further, to review any such transactions to ensure compliance with the Bank Act, either approving or declining the transactions, as required;
- review and approve internal policies for credit arrangements and financial services available to employees of the Bank under the regulations concerning officers and associated parties;
- monitor aggregate transactions of the Bank with directors as well as officers and their interests to ensure continued compliance with the Bank Act with excesses over permitted limits brought to the Board for consideration;
- review the conduct policy and any other specialized standards on an annual basis to ensure relevance and completeness in regard to legislative requirements;
- monitor procedures for conflicts of interest, confidential information, disclosure of information and handling of customer complaints, and be satisfied that the procedures are being adhered to; and
- ensure every employee, officer and Board member agrees to comply, in writing with annual acknowledgement, with the Bank's conduct policies.

Corporate Governance & Human Resources Committee

Members:	Jack Donald (Chair)	Robert Manning
	Albrecht Bellstedt	Howard Pechet
	Allan Jackson	Robert Phillips

This committee is comprised of six independent directors. This committee is responsible for the identification of new directors (as described under "Nomination of Directors" above) and the determination of the compensation of the Bank's directors and officers (as described under "Compensation" above). In addition, this committee's written mandate includes the following:

- recommend to the Board appropriate structure and process required to address governance issues and maintain compliance with all corporate governance guidelines;
- review and monitor compliance with corporate governance guidelines and follow any issues noted by the members or as reported to them by management or other directors from time to time; and
- no less than annually, report to the Board on corporate governance issues and any instances of non-compliance as required so that the Board may review such information and take such actions based thereon as appropriate.

Loans Committee

Members:	Allan Jackson (Chair)	Gerald McGavin
	Charles Allard	Howard Pechet
	Jack Donald	Larry Pollock
	Wendy Leaney	Alan Rowe

This committee is comprised of eight directors, seven of whom are independent. The CEO, who is not independent, is a member of this committee. This committee's written mandate is summarized as follows:

- establish and approve a lending limit for the Bank and the CEO within the limits established by the Board and review such limits at least annually;
- review, approve and/or decline all credit applications for loans to a foreign country and for amounts in excess of delegated limits up to the limit established, not to exceed 10 percent of common equity plus retained earnings or 11 percent for sovereign, provincial or major municipality risk;
- recommend for approval of the full Board any loan proposals in excess of the Committee's limit;
- review the policy of Director Related Loans and make recommendations to the Board;
- annually review and approve the credit risk management program and policies, including management's real estate appraisal policies and procedures, to ensure they are sound and prudent;
- review/amend management's recommendations for loan loss provisions and loan write-offs and recommend acceptance to the Audit Committee for their presentation to the Board; and
- provide direction with respect to concentration risk and the identification criteria, procedure and action required on loans reported by management to be less than satisfactory.

ASSESSMENTS

In response to the Board's commitment to effective corporate governance, a two-pronged evaluation process has been initiated. On "even" years, the Board members assess their effectiveness as a Board. In "odd" years, a peer evaluation of each member is scheduled.

During the board assessment, members are asked to rate items such as structure and size of the Board, the knowledge and diversity of the membership as well as the timeliness and completeness of information received for discussion and the overall effectiveness of the decision making process. The peer evaluation involves questions such as effectiveness in discussions and decision-making, attendance and whether the director's non-Bank activities enhance or detract from shareholder value.

Both evaluation processes are conducted in-house and require all members to complete questionnaires that are forwarded to the Chairman of the Corporate Governance & Human Resources Committee. The Chairman then compiles the results and prepares a single document that includes any comments that may have been forwarded. Anonymity of the particular submitter is maintained with the aggregate results presented to the Corporate Governance & Human Resources Committee for discussion and action if required. The results are then communicated on an aggregate basis to the full Board for discussion and recommendations as required.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Forward-Looking Statements

From time to time Canadian Western Bank (the "Bank") makes written and verbal forward-looking statements. Statements of this type are included in the annual report and reports to shareholders and may be included in filings with Canadian securities regulators or in other communications such as press releases and corporate presentations. Forward-looking statements include, but are not limited to, statements about the Bank's objectives and strategies, targeted and expected financial results and the outlook for the Bank's businesses or for the Canadian economy. Forward-looking statements are typically identified by the words "believe", "expect", "anticipate", "intend", "estimate", "may increase", "may impact" and other similar expressions or future or conditional verbs such as "will", "should", "would" and "could".

By their very nature, forward-looking statements involve numerous assumptions. A variety of factors, many of which are beyond the Bank's control, may cause actual results to differ materially from the expectations expressed in the forward-looking statements. These factors include, but are not limited to, fluctuations in interest rates and currency values, changes in monetary policy, changes in economic and political conditions, legislative and regulatory developments, legal developments, the level of competition in the Bank's markets, the occurrence of weather related and other natural catastrophes, the accuracy of and completeness of information the Bank receives about customers and counterparties, the ability to attract and retain key personnel, the ability to complete and integrate acquisitions, reliance on third parties to provide components of the Bank's business infrastructure, changes in tax laws, technological developments, unexpected changes in consumer spending and saving habits, timely development and introduction of new products, and management's ability to anticipate and manage the risks associated with these factors. The preceding list is not exhaustive of possible factors. These and other factors should be considered carefully and readers are cautioned not to place undue reliance on these forward-looking statements. The Bank does not undertake to update any forward-looking statement, whether written or verbal, that may be made from time to time by it or on its behalf.

Taxable Equivalent Basis (teb)

Most banks analyse revenue on a taxable equivalent basis to permit uniform measurement and comparison of net interest income. Net interest income (as presented in the consolidated statement of income) includes tax-exempt income on certain securities. Since this income is not taxable, the rate of interest or dividend received is significantly lower than would apply to a loan or security of the same amount. The adjustment to taxable equivalent basis of $4.0 million (2004 – $3.9 million) increases interest income and the provision for income taxes to what they would have been had the tax-exempt securities been taxed at the statutory rate. The taxable equivalent basis does not have a standardized meaning prescribed by generally accepted accounting principles (GAAP) and therefore may not be comparable to similar measures presented by other banks. Total revenues, net interest income and income taxes are discussed on a teb basis throughout this Management's Discussion and Analysis.

Canadian Banking Industry

Comparative performance indicators of the Canadian banking industry referred to in this document are obtained from the published results of the other publicly traded Schedule I banks (Bank of Montreal, Canadian Imperial Bank of Commerce, Laurentian Bank of Canada, National Bank of Canada, Royal Bank Financial Group, Scotiabank and TD Bank Financial Group). Readers are cautioned that the banks in this industry group have operations and asset size that may not be directly comparable to each other or to Canadian Western Bank.

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BUSINESS PROFILE AND STRATEGY

Canadian Western Bank (CWB or the Bank) is the only publicly traded Schedule I chartered bank headquartered in and regionally focused on Western Canada and today serves many thousands of small to medium sized businesses and individuals across the four western provinces in its signature Think Western® style. CWB operates in three pillars of the financial services industry, with a primary focus on its core retail and mid-market commercial banking business in Western Canada. Trust services, including self-directed RRSPs and RRIFs, as well as corporate and group trust services, are provided to independent financial advisors, corporations and individuals through CWB's wholly owned subsidiary Canadian Western Trust Company (CWT). Stock transfer and trustee services are provided to public companies and income trusts through Valiant Trust Company (Valiant). Canadian Direct Insurance Incorporated (Canadian Direct or CDI), a wholly owned subsidiary, provides personal home, auto and travel insurance products directly to consumers in British Columbia and Alberta.

In 2005, CWB continued its long history of financial growth and excellence in customer service. This year included many milestones including the 70th consecutive quarter of profitability, record earnings growth and the 16th year of double-digit loan growth.

CWB's mission is to be known and respected as Canada's western bank, providing western Canadians and other selected markets with a preferred source of individual and commercial financial services, delivered in its signature Think Western® style. The fundamental objectives are to provide shareholders with a sound and profitable return, clients with value, service and stability and employees with a positive and rewarding work environment, while contributing to the communities in which CWB operates. CWB plans to achieve its mission through the following strategic priorities:

- Build upon the Think Western® brand of service by ensuring CWB employees continue to manage customer relationships in the responsive and friendly CWB manner. CWB believes that experienced, knowledgeable and dedicated employees with a Think Western® attitude are critical to building customer loyalty.
- Ensure growth is focused, strategic and ultimately enhances shareholder value.
- Reinforce industry leadership in cost efficiency, return on assets and credit losses by maintaining low cost delivery capabilities, mitigating risks and ensuring continued rigorous credit risk management.
- Leverage core profitability by the ongoing generation of lower cost deposits through the branch network and CWT.
- Improve CWB's revenue diversification by further developing non-interest revenue sources in banking, trust and insurance operations through internal growth as well as through strategic acquisitions.
- Grow the contribution to earnings and revenue from the insurance segment through new customer growth and a continued focus on customer satisfaction, disciplined underwriting and cost control.
- Maximize potential opportunities through co-branding, cross selling and expansion into new markets (e.g. expand stock transfer and corporate trustee services to Vancouver).
- Increase return on equity (ROE) through continued diversification into businesses with lower capital requirements including residential mortgages, insurance and trust services. Benefits to ROE through organic growth in these areas may be accelerated by acquisitions that are available, accretive and a strategic fit with our current operations. In further support of ROE expansion, future growth will be funded, to the extent possible, through existing and additional non-dilutive capital.
- Maintain and reinforce CWB's reputation and public confidence through enhanced communication, diligence in corporate governance practices and high standards in corporate reporting and accountability.

CWB's consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles (GAAP) and are presented in Canadian dollars.

The following pages contain management's discussion of the financial performance for CWB, as well as a discussion of the performance of each operating segment and a summary of quarterly and fourth quarter results.

GROUP FINANCIAL PERFORMANCE

Overview

Highlights of 2005

- Surpassed all published performance targets.
- Net income was a record $54.4 million, surpassing the record set last year by 23%.
- Record total revenues (teb) increased 23%, with net interest income (teb) up 20% and other income up 32%.
- Loans increased 17%, reflecting 16 consecutive years of double-digit loan growth.
- Credit quality continued to be strong and consistent.
- Branch and trust deposits increased 36%, with the lower cost demand and notice component up 51%.
- Insurance operations, acquired in April 2004, contributed $5.1 million to net income.

Table 1 - Selected Annual Financial Information

($ thousands, except per share amounts)

		2005		2004		2003	Change from 2004 $		%
Key Performance Indicators									
Net income	$	54,391	$	44,161	$	38,193	$	10,230	23%
Earnings per share[1]									
Basic	$	1.80	$	1.65	$	1.49	$	0.15	9%
Diluted	$	1.74	$	1.50	$	1.34	$	0.24	16%
Provision for credit losses as a percentage of average loans		0.24%		0.25%		0.25%			(1)bp[4]
Efficiency ratio[3] (expenses to revenues) (teb)[2]		49.2%		49.8%		46.3%			(60)bp
Efficiency ratio		50.3%		51.1%		47.4%			(80)bp
Return on common shareholders' equity		12.7%		12.9%		12.9%			(20)bp
Return on average total assets		1.03%		0.97%		0.95%			6 bp
Other Financial Information									
Total revenues (teb)[2]	$	188,016	$	153,335	$	132,981	$	34,681	23%
Total revenues	$	184,041	$	149,437	$	129,989	$	34,604	23%
Total assets	$	5,705,028	$	4,918,895	$	4,343,972	$	786,133	16%
Subordinated debentures	$	128,126	$	110,600	$	121,951	$	17,526	16%
Dividends[5]	$	0.380	$	0.375	$	0.230	$	0.005	1%

[1] A stock dividend effecting a two-for-one split of the Bank's common shares was declared and paid during 2005. All prior period common share and per common share information has been restated to reflect this effective split.

[2] See page 18 for a discussion of teb.

[3] A decrease in the ratio reflects improved efficiency.

[4] Basis points.

[5] The dividend policy was amended to be quarterly instead of semi-annually during the first quarter of fiscal 2004. The dividend rate for fiscal 2004 appears unusually high as it includes the last semi-annual dividend of $0.150 per share paid in the first quarter and quarterly dividends of $0.075 per share paid in subsequent quarters.

Net income for 2005 was a record $54.4 million, an increase of 23% over 2004. The increase reflects 23% growth in total revenues (teb) driven by very strong growth in lower cost branch deposits, strong loan growth as well as the contribution of Canadian Direct and Valiant, both of which were acquired in April 2004. Credit quality remained strong and the provision for credit losses as a percentage of average loans was 24 basis points in 2005 and has averaged 25 basis points over the last five years. The efficiency ratio (teb) at 49.2% continued to lead the Canadian banking industry. Diluted earnings per share were $1.74 in 2005, compared to $1.50 last year, an increase of 16%. Return on shareholders' equity and return on assets were 12.7% and 1.03% respectively, compared to 12.9% and 0.97% in 2004.

Total assets increased 16% from one year ago to reach $5,705 million. Loans increased by $660 million, or 17%, as the Bank's long history of double-digit annual loan growth continued. Our continuing strategy to increase branch generated deposits was very successful as balances increased 36%, with the lower cost demand and notice component up a significant 51%. At October 31, 2005, branch deposits comprised 67% of total deposits, an improvement from 57% one year ago.

Outlook for Overall Financial Performance

The overall outlook for fiscal 2006 anticipates continued strong financial performance, with very positive economic conditions in Western Canada and modestly higher interest rate levels. High resource prices, while creating many positive economic benefits, can also negatively impact the cost of business. Hence, the Bank continues to monitor the overall loan portfolio to assess whether increasing energy prices are impacting the productivity and viability of our customers but no trends have been identified as yet. A continued emphasis on core banking and trust operations as well as an increased contribution from Canadian Direct are expected to further strengthen the Bank's ability to drive growth and increase market recognition. Targets established for 2006 include net income growth of 18%, total revenue growth of 15% and loan growth of 12%.

Net Interest Income

Highlights of 2005

- Net interest income (teb) was a record $140.3 million, an increase of 20% over the prior year.
- Net interest margin (teb) expanded to 2.66%, from 2.57% in 2004.

Net interest income is the difference between interest and dividends earned on assets and interest expensed on deposits and other liabilities, including debentures. Net interest margin is net interest income as a percentage of average total assets.

Table 2 - Net Interest Income (teb)[1]

($ thousands)

	2005				2004			
	Average Balance	Mix	Interest	Interest Rate	Average Balance	Mix	Interest	Interest Rate
Assets								
Cash, securities and deposits with regulated financial institutions	$ 890,173	17%	$ 28,550	3.21%	$ 716,759	16%	$ 21,982	3.07%
Securities purchased under resale agreements	28,130	1	713	2.53	65,503	1	1,504	2.30
Loans								
Residential mortgages	792,460	15	42,074	5.31	655,980	15	36,007	5.49
Other loans	3,425,392	65	205,852	6.01	3,039,208	67	182,590	6.01
	4,217,852	80	247,926	5.88	3,695,188	82	218,597	5.92
Total interest bearing assets	5,136,155	98	277,189	5.40	4,477,450	98	242,083	5.41
Other assets	129,954	2	–	0.00	90,062	2	–	0.00
Total Assets	$5,266,109	100%	$ 277,189	5.26%	$4,567,512	100%	$ 242,083	5.30%
Liabilities								
Deposits								
Demand	$ 222,935	4%	$ –	0.00%	$ 162,704	4%	$ –	0.00%
Notice	854,301	16	12,923	1.51	599,144	13	6,841	1.14
Fixed term	3,440,141	66	116,395	3.38	3,214,867	70	111,246	3.46
	4,517,377	86	129,318	2.86	3,976,715	87	118,087	2.97
Other liabilities	191,646	4	–	0.00	134,789	3	–	0.00
Subordinated debentures	128,839	2	7,551	5.86	114,688	3	6,760	5.89
Shareholders' equity	428,247	8	–	0.00	341,320	7	–	0.00
Total Liabilities and Equity	$5,266,109	100%	$ 136,869	2.61%	$4,567,512	100%	$ 124,847	2.73%
Total Assets/Net Interest Income	$5,266,109		$ 140,320	2.66%	$4,567,512		$ 117,236	2.57%

[1] See page 18 for a discussion of teb.

In 2005, net interest income (teb) increased by $23 million (20%), due to a 15% increase in average interest bearing assets as well as the expansion of the net interest margin (teb) to 2.66% from 2.57%. The expansion in margin reflects very strong growth in lower cost demand and notice deposits generated by the Bank's branch network and CWT.

The average balance of these deposits increased 41% in 2005, and comprised 20% of average funding sources (liabilities and equity), compared to 17% in 2004.

The prime rate averaged 4.30% in 2005 compared to 4.05% last year.

Outlook for Net Interest Income

In 2006, net interest income is expected to increase in response to the targeted loan growth of 12%. The net interest margin is expected to be consistent with 2005 as CWB currently has only limited sensitivity to interest rate changes and we expect the deposit mix to remain relatively consistent following the very strong branch deposit growth in 2005. These expectations anticipate a modest increase in the prime interest rate.

Other Income

Highlights of 2005

- Other income increased by 32% ($11.6 million).
- CDI and Valiant, both acquired at the end of April 2004, contributed $9.8 million of the increase.
- Other income represented 25% of total revenues (teb), compared to 24% in 2004.

Table 3 - Other Income

($ thousands)

	2005	2004	Change from 2004 $	Change from 2004 %
Insurance				
Net earned premiums	$ 65,847	$ 27,362	$ 38,485	141%
Commissions and processing fees	6,575	3,399	3,176	93
Net claims and adjustment expenses	(42,447)	(16,990)	(25,457)	150
Policy acquisition expenses	(14,244)	(5,875)	(8,369)	142
	15,731	7,896	7,835	99
Credit related	15,710	13,641	2,069	15
Trust services	8,009	6,208	1,801	29
Retail services	5,797	5,066	731	14
Foreign exchange	1,459	1,332	127	10
Gains on sales of securities	870	1,685	(815)	(48)
Other [1]	120	271	(151)	(56)
Total Other Income	$ 47,696	$ 36,099	$ 11,597	32%

[1] Includes gains/losses on land, buildings and equipment disposals and other miscellaneous non-interest revenues.

Other income was $47.7 million, an increase of 32% over 2004. Approximately 84% of the increase was due to the contributions of CDI and Valiant which were acquired at the end of April 2004. Credit, retail and foreign exchange fees had double-digit growth due to increased business volumes while gains on securities decreased by $0.8 million.

At October 31, 2005, there were unrealized losses in the securities portfolio of $0.5 million, compared to unrealized gains of $0.5 million at the end of the prior year. The change in unrealized value from the prior year primarily reflects fluctuations in interest rates. Gains on securities sales in 2004 included a $0.9 million non-cash gain that resulted from the acquisition of Bank Northwest (a U.S. regional bank in which CWB had an investment) by another regional U.S. bank in exchange for its shares. Other income as a percentage of total revenue (net interest income and other income) increased to 25% in 2005 from 24% in the prior year. The slight improvement in diversification of revenues was primarily due to the impact of CDI and Valiant, offset by strong growth in net interest income discussed earlier.

Outlook for Other Income

Other income is expected to show strong growth in 2006 over all areas with the exception of securities gains. The enhancement of banking related retail services will continue to be a focus in 2006, with the objective of increasing fee income through expanded product offerings, additional transactional deposit accounts and the generation of new business, all supported by the development of the branch network. Trust services are expected to show strong growth in 2006 reflecting expansion in our existing markets including Valiant's recently launched operations in British Columbia. Insurance services are expected to report solid growth despite ongoing regulatory challenges in Alberta and competitive pressures in British Columbia in the automobile insurance market that may constrain top line revenue growth.

Non-interest Expenses and Efficiency

Highlights of 2005

- CWB continued to lead the Canadian banking industry with an efficiency ratio (teb) of 49.2%.
- Non-interest expenses increased $16.2 million over the prior year, with full year operations of CDI and Valiant accounting for 40% of the increase. Excluding the impact of CDI and Valiant, expenses increased 12%.

Table 4 - Non-interest Expenses and Efficiency Ratio

($ thousands)

	2005	2004	Change from 2004 $	Change from 2004 %
Salaries and Employee Benefits				
Salaries	$ 47,586	$ 38,649	$ 8,937	23%
Employee benefits	9,022	7,349	1,673	23
	56,608	45,998	10,610	23
Premises				
Rent	7,604	6,450	1,154	18
Depreciation	1,795	1,391	404	29
Other	1,502	1,160	342	29
	10,901	9,001	1,900	21
Equipment and Furniture				
Depreciation	3,006	2,565	441	17
Other	2,857	2,356	501	21
	5,863	4,921	942	19
General				
Professional fees and services	4,393	3,024	1,369	45
Marketing and business development	2,321	2,054	267	13
Postage and stationery	2,266	2,072	194	9
Capital and business taxes	2,063	2,205	(142)	(6)
Travel	1,395	1,245	150	12
Banking charges	1,206	1,132	74	7
Regulatory costs	802	807	(5)	(1)
Communications	692	663	29	4
Other	4,046	3,278	768	23
	19,184	16,480	2,704	16
Total Non-interest Expenses	$ 92,556	$ 76,400	$ 16,156	21%
Efficiency Ratio [1] (teb)	49.2%	49.8%		

[1] Non-interest expenses as a percentage of total revenues (net interest income (teb) plus other income).

Non-interest expenses increased 21% to $92.6 million in 2005. The increase reflects the additional operating expenses ($6.7 million) and amortization of intangible assets ($0.3 million) associated with CDI and Valiant as well as increased non-cash stock based compensation charges of $0.8 million. Excluding the impact of these items, non-interest expenses were up 12% over the prior year. The remaining increase reflects the operating expenses of new branches, increased staff levels related to business growth, annual salary levels and various other initiatives.

The efficiency ratio (teb) was 49.2% in 2005, compared to 49.8% in the prior year. The operations of CDI and Valiant added approximately 120 basis points to the ratio. Despite the increase, CWB continues to lead the industry in this measure. Non-interest expenses as a percentage of average assets were 1.66%, down from 1.67% in 2004.

Outlook for Non-interest Expenses and Efficiency

The branch development program will continue in 2006, and additional stock-based compensation charges and various other initiatives are expected to result in an increase in non-interest expenses of approximately 9%. Despite the impact of the increased costs anticipated in 2006, CWB expects to continue to lead the Canadian banking industry with an efficiency ratio (teb) of less than 48%.

Income and Capital Taxes

The provision for income taxes (teb) was 36.3% in 2005, an increase from 34.6% in the prior year which included a $1.6 million tax benefit from the redemption of a series of tax advantaged preferred shares. The provision before the teb adjustment was 33.2% this year, compared to 30.6% in 2004.

Future tax assets and liabilities represent the cumulative amount of tax applicable to temporary differences between the carrying amount of the assets and liabilities and their values for tax purposes. The future income tax asset relates primarily to the general allowance for credit losses. Future tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Changes in future income taxes related to a change in tax rates are recognized in income in the period of the tax rate change.

Capital losses of $11.1 million (2004 – $11.8 million) are available to apply against future capital gains and have no expiry date. The tax benefit of these capital losses has not been recognized.

Table 5 - Capital Taxes

($ thousands)

	Capital Tax Rate	Capital Allocation	2005	2004	Change from 2004 $	%
British Columbia	1.00%	27%	$ 1,216	$ 1,472	$ (256)	(17)%
Alberta	n/a	67%	–	–	–	–
Saskatchewan	0.70%	4%	157	122	35	29
Manitoba	3.00%	2%	464	399	65	16
Total Capital Taxes			$ 1,837	$ 1,993	$ (156)	(8)%

Capital taxes for 2005 totalled $1.8 million, a decrease of 8% over 2004. The decrease is primarily attributable to a geographical shift in business that offset the increased capital associated with the retention of earnings and additional subordinated debentures.

The goods and services tax (GST) carries with it a significant cost to the Bank, as it does to all financial institutions, because the majority of the Bank's activities, except leasing and trust services, are exempt under GST legislation and thus GST cannot be charged and collected from customers as occurs in the majority of Canadian businesses. As a result, the ability to recover the GST paid on most purchased goods and services is lost.

Outlook

The effective tax rate (teb) is expected to be approximately 35% in 2006. Provincial capital tax is expected to increase modestly due to the retention of earnings and the additional subordinated debentures issued in November 2005 (described on page 32).

Loans

Highlights of 2005

- Loans increased 17%, marking CWB's 16th consecutive year of double-digit loan growth.
- Growth in residential mortgages, including the sub-prime residential mortgage initiative, of 35%.
- Growth in commercial and industrial loans of 18% and 23%, respectively.
- Energy loans decreased $33 million.

Table 6 - Outstanding Loans by Type and by Provincial Location of Security

($ millions)

October 31, 2005	British Columbia	Alberta	Saskatchewan	Manitoba	Other Provinces	Total[1]	Composition Percentage
Loans to Individuals							
Residential mortgages[2]	$ 427	$ 398	$ 59	$ 28	$ 30	$ 942	20%
Other	52	91	14	3	–	160	3
	479	489	73	31	30	1,102	24
Loans to Businesses[3]							
Commercial	453	664	38	47	129	1,331	30
Construction and real estate[4]	437	663	51	64	4	1,219	26
Industrial	311	509	26	10	33	889	19
Energy	–	91	–	–	–	91	2
	1,201	1,927	115	121	166	3,530	76
Total Loans	$ 1,680	$ 2,416	$ 188	$ 152	$ 196	$ 4,632	100%
Composition Percentage	37%	52%	4%	3%	4%	100%	
October 31, 2004							
Loans to Individuals							
Residential mortgages[2]	$ 337	$ 277	$ 60	$ 15	$ 12	$ 701	18%
Other	48	71	13	3	–	135	3
	385	348	73	18	12	836	21
Loans to Businesses[3]							
Commercial	393	596	18	59	65	1,131	28
Construction and real estate[4]	442	603	42	65	3	1,155	29
Industrial	257	405	22	9	32	725	18
Energy	–	124	–	–	–	124	3
	1,092	1,728	82	133	100	3,135	79
Total Loans	$ 1,477	$ 2,076	$ 155	$ 151	$ 112	$ 3,971	100%
Composition Percentage	37%	52%	4%	4%	3%	100%	

[1] This table does not include an allocation of the allowance for credit losses and deferred revenue and premiums.

[2] Includes single and multi-unit residential mortgages.

[3] Corporate loans (described below) are included in Loans to Businesses based on the security of the specific loan and the nature of the borrower's business.

[4] Includes commercial term mortgages and project (interim) mortgages.

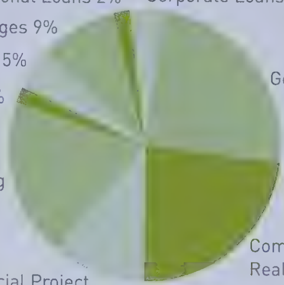
Loans, excluding the allowance for credit losses, increased $663 million (17%) to total $4,633 million at the end of 2005. There was strong growth in most sectors with the only exception being energy loans, which decreased $33 million (27%) in 2005. Continued positive cash flows in the energy sector from high resource prices have resulted in some loans being repaid or reduced as well as making it more challenging to generate new growth.

Our sub-prime residential mortgage initiative, launched in 2004, continued its steady progress this year, ending the year with $81 million in outstanding balances, an increase of $59 million. Our experience has been very encouraging and we will continue to focus on developing this profitable niche.

The mix of loan type has remained relatively consistent year-over-year (see Figure 1) with the notable changes being commercial loans increasing to 30% of the portfolio from 28% one year ago and residential mortgages increasing to 20% from 18%, offset by construction and real estate loans decreasing to 26% from 29%. The location of loan security (see Figure 3) has also remained relatively consistent year-over-year with 50% and 39% of the security based in Alberta and British Columbia, respectively.

The Bank has developed a portfolio of loans, identified internally as corporate loans, through participation in selected syndications, the majority of which have been structured and led by the major Canadian banks. This initiative has afforded the opportunity to participate in larger credits as well as providing a degree of geographic diversification. At October 31, 2005, the corporate loan portfolio, excluding syndicated energy loans, totalled $177 million (2004 – $140 million).

Figure 1 - Loans by Portfolio



Outlook for Loans

Consistent and strong loan growth of 12% is targeted for 2006, supported by a positive economic outlook for Western Canada, the Bank's sub-prime residential mortgage initiative and ongoing branch development.

Credit Quality

Highlights of 2005

- Credit quality remained strong.
- Provision for credit losses was stable at 24 basis points of average loans, while net new specific provisions (excluding the increase in the general allowance) were only six basis points of average loans.
- Gross impaired loans were 25 basis points of total loans, compared to 62 basis points in 2004 and below the low end of the expected range.
- Total allowance for credit losses represented 370% of gross impaired loans at year-end.

Impaired Loans

As shown in Table 7, gross impaired loans totalled $11.5 million and represented 25 basis points of outstanding loans, a reduction over 2004. The gross impaired loan portfolio decreased below the historically low level achieved in 2004.

Table 7 - Change in Gross Impaired Loans

($ thousands)

	2005	2004	Change from 2004
Gross impaired loans, beginning of year	$ 24,890	$ 22,241	$ 2,649
Net new formations (reductions)	(6,503)	8,084	(14,587)
Write-offs, net of recoveries	(6,900)	(5,435)	(1,465)
Total	$ 11,487	$ 24,890	$ (13,403)
Gross Impaired Loans as a Percentage of Total Loans	0.25%	0.62%	(0.37)%

A consistent provision for credit losses at 24 basis points of average loans together with lower impaired loans has resulted in the allowance for credit losses exceeding gross impaired loans over the past three years. At October 31, 2005, the total allowance for credit losses exceeded gross impaired loans by $31.0 million (2004 – $14.4 million), which represented negative 68 basis points (2004 – negative 37 basis points) of net loans outstanding (see Figure 2). The allowance for credit losses as a percentage of gross impaired loans (coverage ratio) more than doubled to 370% (2004 – 158%).

Figure 2 - Net Impaired Loans as a Percentage of Net Loans Outstanding

The portfolio is reviewed regularly with credit decisions undertaken on a case by case basis to provide early identification of possible adverse trends. Loans that have become impaired are monitored closely with regular quarterly, or more frequent, review of each loan and the realization plan.

Outlook for Impaired Loans

The dollar level of gross impaired loans is expected to fluctuate over time within the Bank's range of acceptable levels as loans become impaired and are subsequently resolved. The total amount of gross impaired loans was extremely low at the end of 2005 and the absolute amount is expected to increase in future, although the overall outlook for 2006 remains consistent with the 2005 experience with no expectation of adverse change in the general trend of the portfolio.

Allowance for Credit Losses

Table 8 shows the year-over-year change in the allocation of the allowance for credit losses to specific provisions by category of impaired loans and to the general allowance for credit risk.

Table 8 - Allowance for Credit Losses

($ thousands)

	2005 Opening Balance	Write-offs, net of Recoveries[1]	Provision for Credit Losses	2005 Ending Balance
Specific Provisions				
Commercial	7,289	5,139	1,867	4,017
Real estate	1,494	465	(307)	722
Industrial	1,335	937	342	740
Consumer and personal	$ 386	$ 359	$ 552	$ 579
	10,504	6,900	2,454	6,058
General Allowance	28,816	–	7,646	36,462
Total	$ 39,320	$ 6,900	$ 10,100	$ 42,520

[1] Recoveries in 2005 totalled $240 (2004 – $310).

The allowance for credit losses is maintained to absorb both identified and unidentified losses in the loan portfolio and consists of $6.0 million in specific allowances and $36.5 million in the general allowance for credit risk at October 31, 2005. Specific allowances include the accumulated allowances for losses on identified impaired loans required to reduce the carrying value of those loans to their estimated realizable amount. The general allowance for credit risk includes allowances for future losses inherent in the portfolio that are not presently identifiable on an account-by-account basis. The general allowance represents 79 basis points of gross outstanding loans (73 basis points in 2004) and 77 basis points of risk-weighted assets (72 basis points in 2004). An assessment of the adequacy of the general allowance is conducted quarterly and measured against the five and 10 year loan loss averages. In addition, a method of applying a progressive (increasing with higher risk) loss ratio range against groups of loans of a common risk rating is utilized to test the general allowance adequacy. The general allowance is expected to increase in strong economic times and decrease in weaker economic times as allowances are allocated to specific credits.

Policies and methodology governing the management of the general allowance are in place. The loan portfolio is delineated through the assignment of internal risk ratings to each borrower. The rating is based on assessments of key evaluation factors for the nature of the exposure applied on a consistent basis across the portfolio. The rating system has 12 levels of risk and ratings are updated at least annually for all loans, with the exception of consumer loans and single-unit residential mortgages. Further development of methodology to support the testing of the general allowance will continue.

Outlook for Allowance for Credit Losses

Specific allowances will continue to be determined on an account-by-account basis and reviewed quarterly. Significant change to the level of the general allowance is not anticipated based on expanded methodology, assuming no material change in the portfolio's credit quality.

Provision for Credit Losses

The provision for credit losses represented 24 basis points of average loans in 2005, consistent with the five year average of 25 basis points (10 year average – 24 basis points). Net new specific provisions (excluding the increase in the general allowance) represented six basis points of average loans in 2005, compared to the five year average of 16 basis points and reflecting the strong credit quality of the portfolio. The Bank has a long history of strong credit quality and low loan losses, both of which compare favourably to the Canadian banking industry.

External factors that may impact Western Canada and the environments in which the Bank's customers operate are continually analysed. The outlook for the western Canadian economy is positive and the quality of the loan portfolio is expected to remain strong. The five year loan loss average based only on net new specific provisions (e.g. excluding the annual increase or decrease in the general allowance for credit risk) is 16 basis points (10 year average – 17 basis points).

Table 9 - Provision for Credit Losses

	2005	2004	2003	2002	2001
Provision for credit losses[1]	0.24%	0.25%	0.25%	0.26%	0.23%
Net new specific provisions[2]	0.06%	0.22%	0.14%	0.18%	0.21%
General allowance (thousands)	$ 36,462	$ 28,816	$ 27,558	$ 23,797	$ 21,453
Coverage ratio[3]	370%	158%	159%	88%	80%

[1] As a percentage of average loans.
[2] Portion of the year's provision for credit losses allocated to specific provisions as a percentage of average loans
[3] Allowance for credit losses as a percentage of gross impaired loans.

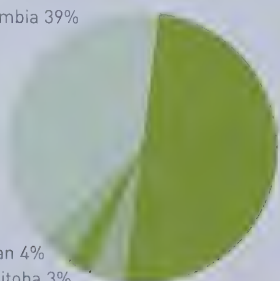
Outlook for Provision for Credit Losses

The provision for credit losses is expected to be no more than 22 basis points of average loans in 2006, compared to 24 basis points in 2005. The provision reflects an assessment of the current strength of the portfolio and adequacy of the general allowance for credit losses and will continue to be reviewed on a quarterly basis.

Diversification of Portfolio

Total Advances Based on Location of Security (also see Table 6)

Figure 3 - Geographical Distribution of Loans[1]



[1] Includes undrawn lines of credit.

The following table illustrates the diversification in lending operations by industry sector.

Table 10 - Total Advances Based on Industry Sector[1]

% at October 31

	2005	2004
Real estate operations	25%	26%
Construction	18	18
Consumer loans and residential mortgages[2]	11	10
Transportation and storage	8	8
Hotel/motel	5	6
Oil and gas (production)	2	4
Finance and insurance	2	4
Manufacturing	5	3
Logging/forestry	3	3
Oil and gas (service)	4	3
Other services	4	3
Retail trade	3	3
Wholesale trade	2	3
Other	8	6
Total	100%	100%

[1] Table is based on the Standard Industrial Classification (SIC) codes.
[2] Residential mortgages in this table include only single-family properties.
[3] The Bank does not engage in direct lending to the agricultural sector.

Management of the loan portfolio includes the strategy of focusing on areas of demonstrated lending expertise and avoiding over concentrations in one geographic area or industry sector. The portfolio is well diversified with a mix of commercial and personal business. Industrial lending units are set up within branches or as stand alone operations, while oil and gas production lending is conducted by specialists in the Calgary market. In addition to these areas, real estate divisions are established in the major centres in which the Bank operates.

Outlook for Diversification of Portfolio

The portfolio is expected to remain well diversified by both industry sector and geographical location.

Deposits

Highlights of 2005

- Lower cost personal and business deposits increased a very strong 51%.
- Branch generated deposits improved significantly to 67% of total deposits from 57% one year ago.

Table 11 - Deposits

($ thousands)

	Demand	Notice	Term	2005 Total	% of Total
Personal	$ 14,947	$ 400,279	$ 2,581,835	$ 2,997,061	61%
Business and government	256,174	615,588	1,028,510	1,900,272	39
Deposit taking institutions	–	–	15,974	15,974	0
Total Deposits	$ 271,121	$ 1,015,867	$ 3,626,319	$ 4,913,307	100%
% of Total	5%	21%	74%	100%	

	Demand	Notice	Term	2004 Total	% of Total
Personal	$ 11,388	$ 247,575	$ 2,719,912	$ 2,978,875	70%
Business and government	178,826	414,943	674,807	1,268,576	30
Deposit taking institutions	–	–	20,337	20,337	–
Total Deposits	$ 190,214	$ 662,518	$ 3,415,056	$ 4,267,788	100%
% of Total	4%	16%	80%	100%	

Deposits totalled $4,913 million at October 31, 2005, an increase of $646 million (15%) over the prior year. All sources of deposits increased in real dollar terms in 2005 with very strong growth of 47% in lower cost business demand and savings deposits and 60% growth in personal chequing, savings and notice deposits. The lower cost personal and business deposits accounted for 26% of total deposits, compared to 20% one year ago.

Table 12 - Deposits by Source (as a percentage of total deposits at October 31)

	2005	2004	2003	2002	2001
Branches	67%	57%	54%	53%	53%
Deposit agents	32	42	44	45	45
Wholesale	1	1	2	2	2
Total	100%	100%	100%	100%	100%

Deposits are primarily generated from the branch network (including CWT) and an agent network. Increasing deposits generated by the branch network, and in particular the lower cost component, is a continued focus due to the positive impact on earnings as well as the underlying relationship that is developed with the customer. Agent deposits, which are primarily rate driven, are more expensive because a commission is paid, but this added cost is countered by a reduced need for a more extensive branch network. In 2005, branch and trust generated deposits increased 36%, and increased to 67% of total deposits from 57% one year ago.

Outlook for Deposits

A very strong western Canadian economy and increasing resource prices have contributed to large amounts of liquidity held by commercial customers, which can be subject to greater fluctuation, at the end of 2005. Increasing branch raised deposits (including through CWT) will continue to be a focus of ongoing initiatives in 2006, with particular emphasis on the lower cost notice and demand component, which has associated transactional fee income and provides significant leverage to core profitability through lower funding costs.

Other Assets and Other Liabilities

At year-end, other assets totalled $139 million (2004 – $141 million). CDI's insurance related other assets were $57 million (2004 - $56 million) and consisted primarily of instalment premiums receivable as well as reinsurers' share of unpaid claims and unearned premiums. Other assets at October 31, 2005 also included goodwill and intangible assets of $6.9 million and $3.8 million, respectively, recognized on the acquisitions of CDI and Valiant Trust.

Other liabilities totalled $206 million at October 31, 2005 (2004 – $173 million). CDI's insurance related other liabilities were $108 million (2004 - $90 million) and consisted primarily of unearned premiums and provisions for unpaid claims and adjustment expenses. The increase in insurance related other liabilities during the year primarily relates to increases in unpaid claims.

Liquidity Management

A schedule outlining the consolidated securities portfolio at October 31, 2005 is provided in Note 4 to the consolidated financial statements. A conservative policy is maintained in this area with:

- all investments, other than those securities categorized as "other marketable securities", limited to high quality debt securities and short-term money market instruments to meet objectives of liquidity management and to provide an appropriate return;
- specific investment criteria and procedures for management of the securities portfolio;
- regular review, monitoring and approval by the Asset Liability Committee (ALCO) of policies regarding these investments and annual review and approval by the Board of Directors; and
- quarterly reporting to the Board of Directors on the securities portfolio.

Table 13 - Liquid Assets

($ thousands)

	2005	2004	Change from 2004
Cash	$ 2,759	$ 2,831	$ (72)
Deposits with regulated financial institutions	228,441	229,895	(1,454)
Cheques and other items in transit	4,954	–	4,954
Total Cash Resources	236,154	232,726	3,428
Securities purchased under resale agreements	36,940	74,966	(38,026)
Government of Canada treasury bills	200,318	182,487	17,831
Government of Canada, provincial and municipal bonds, term to maturity 1 year or less	163,341	105,350	57,991
Government of Canada, provincial and municipal bonds, term to maturity over 1 year	103,320	98,871	4,449
Preferred shares	121,085	107,104	13,981
Other marketable securities	111,993	43,786	68,207
Total Securities Purchased Under Resale Agreements and Marketable Securities	736,997	612,564	124,433
Total Liquid Assets	$ 973,151	$ 845,290	$ 127,861
Total Assets	$ 5,705,028	$ 4,918,895	$ 786,133
Liquid assets as a percentage of total assets	17.1%	17.2%	(0.1)%
Total Deposit Liabilities	$ 4,913,307	$ 4,267,788	$ 645,519
Liquid assets as a percentage of total deposit liabilities	19.8%	19.8%	0.0 %

As shown in Table 13, liquid assets comprised of cash, interbank deposits, securities purchased under resale agreements and marketable securities, totalled $973 million at October 31, 2005, an increase of $128 million from October 31, 2004. Liquid assets represented 17.1% (2004 – 17.2%) of total assets and 19.8% (2004 – 19.8%) of total deposit liabilities at that date.

Highlights of the composition of liquid assets at October 31, 2005 were as follows:

- maturities within one year decreased to 69% (2004 – 74%) of liquid assets or $673 million (2004 - $629 million) for yield enhancement and matching purposes;
- Government of Canada provincial and municipal debt securities remained relatively consistent at 48% (2004 – 46%) of liquid assets;
- deposits with regulated financial institutions including Bankers' Acceptances decreased to 24% (2004 – 27%) of liquid assets;
- preferred shares decreased to 12% (2004 – 13%) of liquid assets; and
- other marketable securities increased to 12% of liquid assets (2004 – 5%).

Included in liquid assets are securities purchased under resale agreements. These are short-term advances, typically no more than a few days in duration, to securities dealers and require the dealer to repurchase the securities comprised of treasury bills or other high quality liquid securities.

Short-term uncommitted facilities have been arranged with a number of financial institutions. The government insured/guaranteed mortgage portfolios held by the Bank also represent a potential source of liquidity. The Bank may also enter into reverse repurchase agreements as a source of short-term liquidity. These are short-term borrowings from securities dealers and require the Bank to repurchase the securities typically in a few days.

The primary source of new funding is the issuance of deposit instruments. A summary of outstanding deposits by contractual maturity date is presented in Tables 14 and 15.

Table 14 - Deposit Maturities Within One Year

($ millions)

October 31, 2005	Within 1 Month	1 to 3 Months	3 Months to 1 Year	Cumulative Within 1 Year
Demand deposits	$ 271	$ –	$ –	$ 271
Notice deposits	1,016	–	–	1,016
Deposits payable on a fixed date	752	436	1,071	2,259
Total	$ 2,039	$ 436	$ 1,071	$ 3,546
October 31, 2004 Total	$ 1,400	$ 217	$ 904	$ 2,521

Table 15 - Total Deposit Maturities

($ millions)

October 31, 2005	Within 1 Year	1 to 2 Years	2 to 3 Years	3 to 4 Years	4 to 5 Years	Total
Demand deposits	$ 271	$ –	$ –	$ –	$ –	$ 271
Notice deposits	1,016	–	–	–	–	1,016
Deposits payable on a fixed date	2,259	684	384	170	129	3,626
Total	$ 3,546	$ 684	$ 384	$ 170	$ 129	$ 4,913
October 31, 2004 Total	$ 2,521	$ 762	$ 536	$ 287	$ 162	$ 4,268

A breakdown of deposits by source is provided in Table 12. Target limits by source have been established as part of the overall liquidity policy and are monitored to ensure an acceptable level of diversification in sources of funding is maintained. The Bank continues to aggressively pursue deposits through its branch network as the core funding source. However, the total dollar value of agent-generated deposits could still increase even though funding from this source has decreased as a percentage of total deposit liabilities. CWT raises deposits through notice accounts, comprised primarily of cash balances held in self-directed accounts and corporate trust deposits, and through the Bank's branch network. At October 31, 2005, trust notice account balances totalled $277 million (2004 - $147 million), and $74 million (2004 - $74 million) of CWT fixed term deposits had been raised through the Bank's branch network.

In addition to deposit liabilities, CWB has subordinated debentures outstanding that are presented in the table below.

Table 16 - Subordinated Debentures Outstanding

($ thousands)

Interest Rate	Maturity Date	Earliest Date Redeemable or Convertible by CWB	2005	2004
Conventional				
6.85%[1]	June 30, 2012	June 30, 2007	$ 3,126	$ 3,126
5.66%[2]	July 7, 2013	July 7, 2008	30,000	30,000
5.96%[2]	October 24, 2013	October 24, 2008	35,000	35,000
5.55%[3]	November 19, 2014	November 19, 2009	60,000	–
			128,126	68,126
Convertible				
5.50%[4]	March 31, 2008	March 31, 2003	–	42,474
Total			$ 128,126	$ 110,600

[1] This conventional debenture has a 10-year term with a fixed interest rate for the first five years. Thereafter, unless the terms are amended or the debenture is redeemed by the Bank, interest will be payable at a rate equal to the Canadian Dollar CDOR 90 day Bankers' Acceptance rate plus 100 basis points.

[2] These conventional debentures have a 10-year term with a fixed interest rate for the first five years. Thereafter, the interest rate will be reset quarterly at the Canadian Dollar CDOR 90 day Bankers' Acceptance rate plus 175 basis points.

[3] These conventional debentures have a 10-year term with a fixed interest rate for the first five years. Thereafter, the interest rate will be reset quarterly at the Canadian Dollar CDOR Bankers' Acceptance rate plus 160 basis points.

[4] These debentures were convertible into common shares at the option of the holder at any time prior to maturity, or the date specified for redemption by the Bank, whichever was earlier, at a conversion price of $15.25 per share (2004 – 2,785,192 post-stock dividend shares). On November 5, 2004, the Bank announced its intention to redeem all of the outstanding debentures for common shares on December 14, 2004. Under the terms of the trust indenture, the trustee converted all remaining outstanding debentures into common shares on the last day before the redemption date. Interest expense, net of tax, accrued on the debentures prior to conversion and forfeited by the debenture holder of $260 (2004 – $51) was credited to retained earnings.

Subsequent to year-end on November 21, 2005, the Bank issued $70 million of conventional subordinated debentures with a fixed interest rate of 5.426% until November 21, 2010. Thereafter, the rate will be reset quarterly at the 90-day Bankers' Acceptance rate plus 180 basis points until maturity on November 21, 2015. The Bank may redeem the debentures on or after November 22, 2010 with the approval of the Office of the Superintendent of Financial Institutions (OSFI).

Capital Management

Highlights of 2005

- Total capital adequacy ratio of 12.4%, and a Tier 1 ratio of 9.7% comprised entirely of common shareholders' equity, net of goodwill.
- Increased quarterly dividend by 20% in December 2004 to $0.09 per common share and a further 11% in June 2005 to $0.10 per common share.
- Issued $60 million of conventional subordinated debentures in November 2004.
- Paid a stock dividend in January 2005 effecting a two for one split of common shares.
- All outstanding convertible debentures totalling $42.5 million converted into 2.8 million (post-stock dividend) common shares by December 2004.

Subsequent Highlights

- Issued $70 million of conventional subordinated debentures which on a pro forma basis would increase the total capital adequacy ratio to 13.9% at October 31, 2005.
- Announced 20% increase to quarterly dividend to $0.12 per common share payable in early January 2006.

OSFI requires banks to measure capital adequacy in accordance with instructions for determining risk-adjusted capital and risk-weighted assets including off-balance sheet commitments. Based on the deemed credit risk of each type of asset, a weighting of 0% to 100% is assigned. As an example, a loan that is fully insured by the Canadian Mortgage and Housing Corporation is applied a risk weighting of 0% as the Bank's risk of loss is nil, while uninsured commercial loans are assigned a risk weighting of 100% to reflect the higher level of risk associated with this type of asset. The ratio of regulatory capital to risk-weighted assets is calculated and compared to OSFI's standards for well-capitalized financial institutions. Off-balance sheet assets, such as derivatives, are included in the calculation of risk-weighted assets and both the credit risk equivalent and the risk weight calculations are prescribed by OSFI. The Bank's investment in CDI is deducted from total capital and CDI's assets are excluded from the calculation of risk-weighted assets.

Published regulatory guidelines require banks to maintain a minimum ratio of capital to risk-weighted assets and off-balance sheet items of 8%, of which 4% must be core capital (Tier 1) and the remainder supplementary capital (Tier 2). However, in order to be considered well capitalized, OSFI has stated that Canadian banks need to maintain a minimum total capital adequacy ratio of 10% with a Tier 1 ratio of not less than 7%. CWB's Tier 1 capital is comprised entirely of common shareholders' equity and Tier 2 capital includes subordinated debentures (to the regulatory maximum amount of 50% of Tier 1 capital) and an inclusion of the general allowance for credit losses at a prescribed inclusion rate based on risk-weighted assets. OSFI has authorized the inclusion of the Bank's general allowance in Tier 2A capital to a maximum of 87.5 basis points of risk-weighted assets.

The revised international framework for capital measurement and standards, known as Basel II, was published in June 2004. Basel II introduces some significant changes to the risk-weighting of assets and calculation of regulatory capital. OSFI expects the Canadian banking industry to adopt Basel II at the end of fiscal 2007. Basel II is not expected to have a significant impact on the Bank's overall required level of regulatory capital, although new procedures and system enhancements are under development to conform with the new framework.

Capital funds are managed in accordance with policies and plans that are regularly reviewed and approved by the Board of Directors and which take into account forecasted capital needs and markets. The goal is to maintain adequate regulatory capital to be considered well capitalized, to protect customer deposits and to provide capacity for internally generated growth and strategic opportunities that do not otherwise require accessing the public capital markets, while providing a satisfactory return on equity for shareholders.

The Bank has a stock option plan that is provided as an incentive to officers and employees who are in a position to materially impact the longer term financial success of the Bank as measured by share price appreciation and dividend yield. Note 16 to the consolidated financial statements details the number of shares under options outstanding, the weighted average exercise price and the amounts exercisable at year-end.

Table 17 - Capital Structure and Regulatory Ratios at Year-end

($ thousands)

	2005	2004	Change from 2004
Tier 1 Capital			
Capital stock	$ 213,098	$ 167,125	$ 45,973
Contributed surplus	2,810	1,159	1,651
Retained earnings	242,082	199,305	42,777
Less goodwill of trust subsidiary	(3,679)	(3,679)	–
Total	454,311	363,910	90,401
Tier 2 Capital			
General allowance for credit losses (Tier A)[1]	36,462	28,816	7,646
Subordinated debentures (Tier B)	128,126	110,600	17,526
Total	164,588	139,416	25,172
Less investment in insurance subsidiary	(33,430)	(28,205)	(5,225)
Total Regulatory Capital	$ 585,469	$ 475,121	$ 110,348
Regulatory Capital to Risk-weighted Assets			
Tier 1 capital	9.7%	9.0%	0.7%
Tier 2 capital	3.4%	3.5%	(0.1)%
Less investment in insurance subsidiary	(0.7)%	(0.7)%	(0.0)%
Total Regulatory Capital Adequacy Ratio	12.4%	11.8%	0.6%
Assets to Regulatory Capital Multiple[2]	9.8	10.3	(0.5)

[1] Banks are allowed to include their general allowance for credit losses up to a prescribed percentage of risk-weighted assets in Tier 2A capital. The Bank has been granted an inclusion rate to a maximum of 0.875% of risk-weighted assets. At October 31, 2005, the Bank's general allowance represented 0.77% (2004 - 0.72%) of risk-weighted assets.

[2] Total assets plus off-balance sheet credit instruments, such as letters of credit and guarantees, less goodwill divided by total regulatory capital.

Table 18 - Risk-weighted Assets
($ thousands)

	2005 Balance	2005 Risk-weighted	2004 Balance	2004 Risk-weighted
Balance Sheet Assets				
Cash resources	$ 236,154	$ 43,811	$ 232,726	$ 43,647
Securities	702,906	201,433	540,487	134,346
Loans	4,627,203	4,185,963	4,005,080	3,637,520
Other assets	138,765	97,647	140,602	71,103
	$ 5,705,028	4,528,854	$ 4,918,895	3,886,616
Credit Instruments[1] (contract amounts)				
Guarantees and standby letters of credit	$ 127,608	74,830	$ 94,270	56,953
Commitments to extend credit[2]	205,574	102,787	157,027	78,514
	$ 333,182	177,617	$ 251,297	135,467
Derivative Financial Instruments[3] (notional amounts)				
Interest rate contracts	$ 607,500	738	$ 882,500	1,526
Foreign exchange contracts	2,214	5	996	–
Equity contracts	14,540	339	17,765	299
	$ 624,254	1,082	$ 901,261	1,825
Total Risk-weighted Assets		$ 4,707,553		$ 4,023,908

[1] See Note 20 to the consolidated financial statements for further details.

[2] Greater than one year only.

[3] See Note 25 to the consolidated financial statements for further details.

At October 31, 2005, the total capital adequacy ratio was 12.4% (2004 – 11.8%) of which 9.7% (2004 – 9.0%) was Tier 1 capital. Total regulatory capital increased $110 million over 2004 primarily as a result of the combination of:

- the issue of $60.0 million of subordinated debentures;
- earnings, net of dividends, of $42.8 million;
- an increase in the general allowance for credit losses of $7.6 million;
- the issue of $3.5 million in share capital upon the exercise of employee stock options;
- an increase in contributed surplus of $1.7 million related to the expensing of stock-based compensation; partially offset by
- a $5.2 million increase in the deduction for CWB's insurance subsidiary investment, calculated on the equity basis.

Also, impacting regulatory capital was the conversion of $42.5 million of convertible debentures in December 2004, which resulted in an increase in Tier 1 capital and a corresponding decrease in Tier 2 capital.

In December 2004, the quarterly dividend was increased to $0.09 per share, reflecting an increase of 20%. The quarterly dividend was further increased to $0.10 per share in June 2005.

Subsequent Events – Capital Management

On November 21, 2005, $70 million of conventional subordinated debentures were issued to institutional investors. These debentures have a fixed interest rate of 5.426% until November 21, 2010 and a floating interest rate of 180 basis points above the 90-day Bankers' Acceptance rate thereafter until maturity on November 21, 2015. The Bank may redeem all, but not less than all, of the debentures on or after November 21, 2010 with the approval of the Superintendent of Financial Institutions. The main purpose of the issue was to increase total regulatory capital to support current and future asset growth without diluting the existing common shareholder base. The issuance of these debentures would result in a pro forma total capital adequacy ratio of 13.9% at October 31, 2005.

On December 8, 2005, a quarterly cash dividend of $0.12 per share was declared, an increase of 20%.

Outlook for Capital Management

CWB expects to remain well capitalized in 2006. An ongoing objective is to increase return on equity through the expansion of CWB's key business strategies and by improving the mix of regulatory capital between dilutive and non-dilutive capital required to support growth.

Financial Instruments and Other Instruments

On-balance sheet financial assets and liabilities are classified as securities, loans, deposits and subordinated debentures and are reported at amortized cost. The risks associated with these instruments are described under the credit quality, liquidity and risk management sections of this management's discussion and analysis. Market values for the securities held for liquidity purposes are reported in Note 4 to CWB's consolidated financial statements for fiscal 2005. Fair values for all of CWB's on- and off-balance sheet financial assets and liabilities are provided in Notes 24 and 25, respectively, to the consolidated financial statements. Income and expenses are classified as to source, either securities or loans for income, and deposits or borrowed funds for expense. Trading gains or losses, which result from the disposition of financial instruments prior to their maturity date, are shown separately in other income.

Acquisitions

At the end of April 2004, CDI and Valiant were acquired for total cash consideration of $33.7 million. The results of operations of these companies have been included in the Bank's consolidated financial statements since their dates of acquisition. CDI operates in the property and casualty insurance industry offering personal home and auto insurance directly to consumers in British Columbia and Alberta. Valiant is a non-deposit taking, specialty trust company based in Calgary, Alberta that provides stock transfer and corporate trustee services to public companies and income trusts. For more information on these acquisitions, refer to Note 3 of CWB's consolidated financial statements.

Off-Balance Sheet Arrangements

In the normal course of business, CWB is involved in off-balance sheet arrangements, which are in two main categories: derivative financial instruments and guarantees.

Derivative Financial Instruments

More detailed information on the nature of off-balance sheet derivative financial instruments is shown in Note 25 to CWB's consolidated financial statements.

Table 19 - Derivative Financial Instruments

($ thousands)

	2005	2004
Notional Amounts		
Interest rate contracts[1]	$ 607,500	$ 882,500
Equity contracts[2]	14,540	17,765
Foreign exchange contracts[3]	2,414	996
Total	$ 624,454	$ 901,261

[1] Interest rate contracts are used as hedging devices to manage interest rate risk. The outstanding contracts mature between December 2005 and September 2008. The total gross positive replacement cost of interest rate contracts was $676 (2004 - $3,918). This market value represents an unrealized gain, or the payment the Bank would receive if these contracts were unwound and settled at that date.

[2] Equity contracts are used to offset the return paid to depositors on certain deposit products where the return is linked to a stock index. The outstanding contracts mature between February 2006 and March 2010. The total gross positive replacement cost was $530 (2004 - $73).

[3] U.S. dollar foreign exchange contracts are used from time to time to manage the difference between U.S. dollar assets and liabilities. At October 31, 2005, there were $1,881US (2004 – $783US) forward foreign exchange contracts outstanding that mature between November 2005 and February 2006.

The active use of interest rate contracts continues to be an integral part of the management of the Bank's short-term positive gap position. Off-balance sheet derivative financial instruments are only entered into for the Bank's own account and it does not act as an intermediary in this market. Transactions are entered into on the basis of industry standard contracts with approved counterparties subject to periodic and at least annual review. Policies regarding the use of off-balance sheet financial instruments are approved, reviewed, and monitored on a regular basis by ALCO and reviewed and approved by the Board of Directors at least annually.

Guarantees

Significant guarantees provided by CWB in the ordinary course of business include guarantees and standby letters of credit provided to third parties and commitments to extend credit to customers. CWB also issues business credit cards through an agreement with a third party card issuer and indemnifies the card issuer from loss if there is a default on the issuer's collection of the business credit card balances. More detailed information on guarantees is available in Note 20 to CWB's consolidated financial statements for 2005.

OPERATING SEGMENT REVIEW

With the acquisition of CDI the Bank now operates in two business segments: 1) banking and trust, and 2) insurance.

Banking and Trust

Highlights of 2005

- Record net income which increased 18% over the prior year.
- Sixteenth consecutive year of double-digit loan growth at 17%.
- Branch and trust deposits increased 35%, with the lower cost demand and notice component up 51%.
- Two branches were added to the network in British Columbia and significant expansion of two existing branches were undertaken.

The operations of the banking and trust segment include commercial and retail banking services as well as personal and corporate group trust services provided through the Bank's wholly owned subsidiaries, CWT and Valiant. With a focus on mid-market commercial banking, real estate financing, industrial equipment financing and energy lending, CWB has built strong customer relationships and provides value-added services to businesses in key sectors across the west. The Bank also delivers a wide variety of financial products and services including deposit accounts, investment products, credit and debit cards, personal loans and mortgages. Customer accessibility is provided though a network of 31 customer focused branches as well as via the Internet and telephone banking. CWT provides a varied range of products and services, including self-directed RRSPs and RRIFs and corporate and group trust services to independent financial advisors, corporations and individuals. Through Valiant, a non-deposit taking specialty trust company, trust services now include stock transfer and corporate trustee services provided to public companies and income trusts.

Table 20 - Banking and Trust Highlights

($ thousands)

	2005	2004	Change from 2004
Net interest income (teb)[1]	$ 137,936	$ 116,280	19%
Other income	31,721	28,134	13%
Total revenues (teb)	169,657	144,414	17%
Provision for credit losses	10,100	9,390	8%
Non-interest expenses	82,382	71,510	15%
Provision for income taxes (teb)	27,906	21,924	27%
Net Income	$ 49,269	$ 41,590	18%
Efficiency ratio (teb)	48.6%	49.5%	(90)bp[2]
Net interest margin (teb)	2.68%	2.58%	(10)bp
Average loans ($ millions)	$ 4,218	$ 3,761	12%
Average assets ($ millions)	$ 5,139	$ 4,510	14%

[1] See page 18 for a discussion of teb.

[2] bp - basis point.

This segment's net income for fiscal 2005 was a record $49.3 million, an increase of 18% over 2004. The increased earnings reflect total revenue (teb) growth of $25.2 million (17%), partially offset by a $10.9 million (15%) increase in non-interest expenses and a 27% increase in income tax expense as 2004 included the $1.6 million tax benefit resulting from the redemption of tax advantaged preferred shares in which CWB had an investment. Excluding the tax benefit, net income was up 23% over 2004. The growth in total revenues (teb) reflects loan growth of 17% over the past year, 51% growth in lower cost demand and notice deposits and additional trust fees of $2.0 million from Valiant, as operations were included for the full year in 2005. Approximately $1.4 million of the increase in non-interest expenses related to Valiant. Excluding the impact of Valiant, non-interest expenses increased by 13% due to additional costs from new branches and the expansion of other branches, an increase in stock based compensation charges, increased staffing levels due to business growth, annual salary adjustments and various other initiatives. During 2005, two new branches were added to the branch network in Vancouver and Kamloops, British Columbia with significant expansion projects undertaken in two branches, one each in Edmonton and Calgary, Alberta.

The efficiency ratio (teb) for this segment at 48.6% was an improvement over both the Bank's target for 2005 of 50% or less and 49.5% last year as total revenue growth exceeded non-interest expense growth.

Non-interest revenues generated from trust operations totalled $8.0 million in 2005, an increase of 29% over the prior year with the increase reflecting the full year contribution from Valiant, acquired at the end of the second quarter in 2004. Trust operations, through CWT, also continue to provide a growing contribution to lower cost notice deposits. Trust generated notice deposits totalled $277 million at the end of fiscal 2005, an increase of 88% over the prior year. Both CWT and Valiant hold assets under administration which total approximately $2,649 million at October 31, 2005, an increase of 51% over the prior year. Assets under administration are not reflected in the consolidated balance sheet (see also Note 21 to the consolidated financial statements). Effective for fiscal 2005, trust assets under administration are presented at market value which is standard for the industry. In prior years, trust assets under administration were presented at historical cost. Comparative figures have not been restated as market value information is not readily available. The change in presentation to market value accounted for approximately 9% of the increase this year. A portion of these assets are held in investment accounts, including self-directed RRSP and RRIF accounts, which numbered 24,943 (2004 – 18,803), an increase of 33% from one year ago.

Figure 5 - Number of Investment Accounts

Outlook for Banking and Trust

The growth prospects for this segment in 2006 are very good given the current positive economic outlook for Western Canada. This segment is expected to produce strong revenue growth, supported by strong growth in loans and lower cost branch generated deposits, including through CWT. Trust fee income is expected to show solid growth in both personal and corporate trust services. Credit quality is also expected to remain strong.

Insurance

Highlights of 2005

- Net earnings of $5.1 million for the first full year after acquisition.
- Claims loss ratio of 64% and a combined ratio of 91%.
- Number of policies increased by 11%.
- Policy retention rate of 86%.

Canadian Direct was launched in May 1996 and was the first company in British Columbia to offer customers auto insurance directly over the telephone, bypassing the traditional broker and agent. Canadian Direct now provides auto, household and travel insurance products to 150,000 British Columbia and Alberta policyholders through two dedicated call centres and over the Internet for auto and travel products.

Canadian Direct's mission is to provide customers with attractively priced products and excellent customer service –"better insurance for less money". CDI's core strategy is to use sophisticated underwriting selection criteria to offer more competitively priced insurance to better risk customers. Products are offered direct to the customer thereby reducing costs, as there are no broker commissions. The "Canadian Direct Insurance" brand is marketed using TV, radio and newspaper channels and has a high level of awareness in the B.C. market, with a growing brand awareness in the Alberta market. All claims are administered by Canadian Direct's head office in B.C. using modern imaging technology and effective workflow management to maintain a "paperless office" environment. This has enabled CDI to achieve a low claims expense ratio without compromising high customer satisfaction ratings. CDI currently retains a high percentage of its business on renewal, which is a measure of its success in providing customers with a superior level of service at a competitive price.

As Canadian Direct was acquired at the end of the second quarter of 2004, the following table includes financial information for this segment beginning with the third quarter of 2004.

Table 21 - Insurance Highlights

($ thousands)

	2005 12 Months	2004 6 Months
Net interest income (teb)[1]	$ 2,384	$ 957
Other income		
Net earned premiums	65,847	27,362
Commissions and processing fees	6,575	3,399
Net claims and adjustment expenses	(42,447)	(16,990)
Policy acquisition costs	(14,244)	(5,875)
	15,731	7,896
Gain on sale of securities	244	69
Total revenues (teb)	18,359	8,922
Non-interest expenses	10,174	4,890
Provision for income taxes (teb)	3,063	1,461
Net income	$ 5,122	$ 2,571
Policies outstanding at October 31	149,947	135,201
Gross written premiums	$ 93,101	$ 43,711
Claims loss ratio[2]	64%	62%
Expense ratio[3]	27%	27%
Combined ratio[4]	91%	89%
Average cash and securities[5]	$ 68,435	$ 57,858
Average total assets[5]	$ 127,298	$ 114,138

[1] See page 18 for a discussion of teb.

[2] Net claims and adjustment expenses as a percentage of net earned premiums.

[3] Policy acquisition costs and non-interest expenses net of commissions and processing fees as a percentage of net earned premiums.

[4] Sum of the claims loss and expense ratios.

[5] Average balances for 2004 are calculated for the six month period after acquisition.

Canadian Direct generated net income of $5.1 million in 2005, compared to $2.6 million for the six months included in 2004. The current year's results reflect net earned premiums of $65.8 million, a claims loss ratio of 64% (2004 – 62%) and a combined ratio of 91% (2004 – 89%). Losses from Canadian Direct's mandatory participation in the Risk Sharing Pool of the Alberta Facility Association (Facility) for automobile insurance and the fact that the six month period in 2004 did not include the winter driving season, were direct factors in both the increased claims loss and combined ratios this year. Excluding the Facility losses, the claims loss and combined ratios would have been 63% and 90% respectively. During the year, Canadian Direct grew its outstanding policies by 11% with increasing market acceptance in Alberta partially offset by the impact of competitive pressure in British Columbia. The policy retention rate was strong at 86%.

Canadian Direct's earnings were negatively impacted in 2005 by losses related to the Facility which reduced net income before tax by $0.5 million, compared to a negligible impact in 2004. Unpaid claims reserves in the Facility were increased substantially in the fourth quarter to reflect revised estimated loss ratio assumptions derived by the Facility's consulting actuary. Canadian Direct is currently developing strategies to minimize the adverse impact of the Facility on future earnings.

Effective January 1, 2005, CDI reduced its quota share reinsurance to 20% (from 25%) of gross retentions, including unearned premiums as at December 31, 2004.

During the year, the Province of Alberta announced two reductions in compulsory automobile insurance premiums: a six percent reduction effective for policies issued or renewed after July 1, 2005 and a further four percent reduction effective for policies issued or renewed after November 1, 2005. In applications to the Superintendent of Insurance, Canadian Direct successfully demonstrated that it is already a provider of low cost automobile insurance and received exemptions from both rollbacks.

Outlook for Insurance Operations

Canadian Direct's outlook for 2006 calls for continued growth in policies outstanding and net earned premiums. Challenges for the year will include minimizing the earnings impact of CDI's mandatory participation in the Facility and developing responses to the optional automobile pricing strategy of the Insurance Corporation of British Columbia, the provincial provider of all compulsory automobile insurance and a competitor in the optional insurance market. Effective November 1, 2005, CDI reduced its quota share reinsurance to 10% of gross retentions.

Overall, financial targets for 2006 include 10% growth in the number of policies outstanding, a claims loss ratio of 68% and a combined ratio of 93%. Net earned premium growth will continue to be impacted by competitive pressures in British Columbia and regulatory developments in Alberta. The forecasted increase in the claims loss ratio also reflects an expected return to historical claims experience levels.

SUMMARY OF QUARTERLY RESULTS AND FOURTH QUARTER

Quarterly Results

The financial results for each of the last eight quarters are summarized in the following table. In general, CWB's results reflect a consistent growth pattern. An exception to the consistency is the impact of the previously noted acquisitions of CDI and Valiant at the end of the second quarter of 2004. These acquisitions resulted in increased other income, non-interest expenses and earnings beginning in the third quarter of fiscal 2004.

Canadian Direct's business also exposes the Bank's quarterly financial results to some fluctuations. CDI is in the property and casualty insurance business, providing personal auto and home insurance directly to customers in British Columbia and Alberta. The operating results for this business, which are primarily reflected in other income (see information for the insurance segment provided on page 37) are subject to seasonal weather conditions including higher claims experience during winter driving months, cyclical patterns of the industry and other unpredictable developments, including weather-related and other natural catastrophes.

Table 22 - Quarterly Financial Highlights

($ thousands, except per share amounts)

	2005				2004			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Net interest income (teb)[1]	$ 37,408	$ 36,964	$ 33,306	$ 32,642	$ 30,756	$ 30,750	$ 27,855	$ 27,875
Less teb adjustment	1,336	956	883	800	1,313	930	854	801
Net interest income per financial statements	36,072	36,008	32,423	31,842	29,443	29,820	27,001	27,074
Other income	12,087	13,123	11,349	11,137	10,895	11,273	7,303	6,628
Total revenues (teb)	49,495	50,087	44,655	43,779	41,651	42,023	35,158	34,503
Total revenues	48,159	49,131	43,772	42,979	40,338	41,093	34,304	33,702
Net income	14,814	15,212	12,149	12,216	12,787	11,675	9,842	9,857
Return on common shareholders' equity (ROE)	13.0%	13.8%	11.7%	12.1%	14.1%	13.4%	11.9%	12.1%
Return on average total assets (ROA)	1.06%	1.13%	0.96%	0.97%	1.04%	1.01%	0.92%	0.89%
Earnings per common share[2]								
Basic	$ 0.48	$ 0.50	$ 0.40	$ 0.42	$ 0.47	$ 0.43	$ 0.37	$ 0.37
Diluted	0.47	0.49	0.39	0.40	0.43	0.40	0.34	0.34
Efficiency ratio (teb)	49.4%	47.0%	50.8%	49.9%	51.7%	50.0%	49.2%	48.0%
Efficiency ratio	50.8%	48.0%	51.9%	50.8%	53.4%	51.1%	50.4%	49.2%
Net interest margin (teb)	2.67%	2.75%	2.64%	2.59%	2.49%	2.65%	2.61%	2.53%
Net interest margin	2.57%	2.67%	2.57%	2.53%	2.39%	2.57%	2.53%	2.45%
Provision for credit losses as a percentage of average loans	0.22%	0.23%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%

[1] See page 18 for a discussion of teb.

[2] A stock dividend effecting a two-for-one split of the Bank's common shares was declared and paid during the first quarter of 2005. All prior period common share and per common share information has been restated to reflect this effective split.

Fourth Quarter of 2005

In the fourth quarter of fiscal 2005, CWB posted strong quarterly net income and also marked the Bank's 70th consecutive quarter of profitability. Net income for the quarter was $14.8 million, an increase of 16% ($2.0 million) over the same quarter last year, which included a $1.6 million tax benefit ($0.05 per diluted share) resulting from the redemption of a tax advantaged preferred share investment. Net income before taxes increased 28% over the same quarter last year. Excluding the impact of this tax benefit, net income increased by 32%. The quarter included record earnings from core banking and trust operations ($13.7 million) and a $1.1 million contribution from Canadian Direct. Canadian Direct's net insurance revenues for the quarter were negatively impacted by a $0.7 million increase in the allocation of losses from its mandatory participation in the Alberta Facility for automobile insurance.

Fourth quarter diluted earnings per share increased 9% to $0.47 ($0.48 basic) from $0.43 ($0.47 basic) in the same quarter last year. Excluding the impact of the tax benefit, diluted earnings per share increased 16%. Return on assets was 1.06%, compared to 1.04% in the same quarter last year and return on equity was 13.0%, compared to 14.1% one year ago. The 16% increase in fourth quarter earnings did not produce as noticeable an increase in return on equity due to the conversion of $42.5 million of subordinated debentures into common shares that occurred in the first quarter of 2005.

Net interest income (teb) was a record $37.4 million for the quarter, an increase of 22% year over year. This increase reflects 17% loan growth as well as an improvement in the net interest margin to 2.67% from 2.49%. The improved margin reflects very strong growth of 51% in lower cost branch generated deposits (which reduces funding cost by improving deposit mix).

Other income was $12.1 million, up 11% over the same quarter last year. The increase reflects increases in credit related fees, trust fees and gains on sale of securities, partially offset by lower net insurance revenues. Canadian Direct's results for the quarter were reduced by increased losses from the Facility.

Credit quality remained strong with the fourth quarter provision for credit losses at 22 basis points of average loans, a decrease from 25 basis points one year ago.

Non-interest expenses were $24.4 million, an increase of 14% over the same quarter last year. This increase is primarily due to the operating expenses of two new branches as well as increased staffing levels related to business growth, annual salary adjustments and other initiatives. Also contributing to the increase was additional non-cash stock-based compensation charges. CWB's industry leading efficiency ratio (teb), which measures non-interest expenses as a percentage of total revenues, was 49.4% for the quarter, compared to 51.7% in the fourth quarter last year.

Fourth quarter earnings decreased 3% from the third quarter record earnings of $15.2 million primarily due to lower interest penalties on early loan payouts which returned to more normal interest levels and the Facility losses noted above. Total net interest income was unchanged as the decrease in net interest margin to 2.67% from 2.75% due to the lower volume of interest penalties was offset by a 4% increase in average interest earning assets. In comparison to the previous quarter, other income decreased 8% ($1.0 million) due to lower net insurance revenues related to the Facility losses, as well as lower credit fees and gains on security sales. Non-interest expenses increased due to premises costs associated with expansions and relocations and certain human resources costs.

ACCOUNTING POLICIES AND ESTIMATES

Critical Accounting Estimates

CWB's significant accounting policies are outlined in Note 1 of the consolidated financial statements. The policies discussed below are considered particularly important as they require management to make significant estimates or judgments, some of which may relate to matters that are inherently uncertain.

Allowance for Credit Losses

An allowance for credit losses is maintained to absorb probable credit related losses in the loan portfolio. This allowance reflects management's estimate of probable losses in the loan portfolio at the balance sheet date. In assessing existing credit losses, management must rely on estimates and exercise judgment regarding matters for which the ultimate outcome is unknown. These matters include economic factors, developments affecting particular industries and specific issues with respect to single borrowers. Changes in circumstances may cause future assessments of credit risk to be significantly different than current assessments and may require an increase or decrease in the allowance for credit losses. Establishing a range for the allowance for credit losses is difficult due to the number of uncertainties involved. This uncertainty is captured within the general allowance for credit losses. At October 31, 2005, the Bank's total allowance for credit losses was $42.5 million (2004 – $39.3 million), which included a specific allowance of $6.0 million (2004 – $10.5 million) and a general allowance of $36.5 million (2004 – $28.8 million). Additional information on the process and methodology for determining the allowance for credit losses can be found in the discussion of credit quality on page 26 of this Management's Discussion and Analysis and Note 1(g) to the consolidated financial statements. This critical accounting estimate relates to CWB's banking and trust segment.

Provision for Unpaid Claims and Adjustment Expenses

A provision for unpaid claims is maintained, with the provision representing the amounts needed to provide for the estimated ultimate expected cost of settling claims related to insured events (both reported and unreported) that have occurred on or before each balance sheet date. A provision for adjustment expenses is also maintained which represents the estimated ultimate expected costs of investigating, resolving and processing these claims. Estimated recoveries of these costs from reinsurance ceded are included in assets. The computation of these provisions takes into account the time value of money using discount rates based on projected investment income from the assets supporting the provisions. The process of determining the provision for unpaid claims and adjustment expenses necessarily involves risks that the actual results will deviate from the best estimates made. These risks vary in proportion to the length of the estimation period and the volatility of each component comprising the liabilities. To recognize the uncertainty in establishing these best estimates and to allow for possible deterioration in experience, actuaries are required to include explicit margins for adverse deviation in assumptions for asset defaults, reinvestment risk, claims development and recoverability of

reinsurance balances. All provisions are periodically reviewed and evaluated in the light of emerging claim experience and changing circumstances. Changes in circumstances may cause future assessments of unpaid claims and adjustment expenses to be significantly different than current assessments and may require an increase or decrease in the provision. In estimating the provision for unpaid claims and adjustment expenses, a number of uncertainties are taken into account and assumptions made, which makes it difficult to estimate a range for the provision. Further, as noted above, the provision includes a margin for adverse deviations in assumptions. At October 31, 2005, the provision for unpaid claims and adjustment expenses totalled $50.0 million (2004 – $37.0 million). Additional information on the process and methodology for determining the provision for unpaid claims and adjustment expenses can be found in Notes 1(j) and 17 to the consolidated financial statements. This critical estimate relates to CWB's insurance segment, Canadian Direct.

Changes in Accounting Policies Including Initial Adoption

Changes to significant accounting policies since October 31, 2004 are provided in Note 2 to the 2005 consolidated financial statements. Specifically, the changes in fiscal 2005 related to new requirements for the consolidation of variable interest entities, the presentation of certain obligations as either liabilities or equity and asset retirement obligations. There was no impact on CWB's financial statements from these changes.

Future Changes in Accounting Policies

New accounting standards have been issued for Financial Instruments – Recognition and Measurement, Hedges and Comprehensive Income which are effective for the Bank as of November 1, 2006. As a result of adopting those standards a new category, Other Comprehensive Income, will be added to Shareholders' Equity and certain unrealized gains or losses will be reported in other comprehensive income until realization. The impact of these new standards on the Bank's financial statements is not yet determined as it will be dependent on the Bank's outstanding positions and their fair values at the time of implementation.

RISK MANAGEMENT

Overview

Effective risk management is central to the ability to remain financially sound and profitable and includes identifying, assessing, managing and monitoring all forms of risk. CWB is exposed to several categories of risk including: strategic, reputation, credit, liquidity, structural (asset/liability), market, fiduciary, insurance, operational and litigation. Additional information on risk factors is available in CWB's Annual Information Form dated January 14, 2006 which will be available on SEDAR at www.sedar.com.

Senior management is responsible for establishing the framework for identifying risks and developing appropriate risk management policies and frameworks. The Board of Directors, either directly or through its committees, reviews and approves the key policies and implements specific reporting procedures to enable them to monitor ongoing compliance over significant risk areas. At least annually, a report on risks and risk management policies is presented to the Board and/or Board committees for review and assessment.

The Loans Committee of the Board, which maintains a close working relationship with the credit risk management group, is responsible for:

- the review and approval of credit risk management policies;
- the review and approval of loans in excess of delegated limits;
- the review and monitoring of impaired and other less than satisfactory loans; and
- the recommendation of the adequacy of the allowance for credit losses to the Audit Committee.

The Asset Liability Committee (ALCO) provides management oversight related to the risks of banking and trust operations, other than credit risk. ALCO is a management committee chaired by the executive with responsibility for Treasury, with the President and Chief Executive Officer (CEO) and other senior executives as members, and is responsible for:

- ensuring that risks other than credit risk are identified and assessed and appropriate policies are in place and effective;
- the establishment and maintenance of policies and programs for liquidity management and control, funding sources, investments, foreign exchange risk, interest rate risk and derivatives, trust services risk; and
- regular meetings to review compliance and discuss strategy respecting diversification of product offerings and management of risks.

Asset liability management policies are approved and reviewed at least annually by the Board with quarterly status reporting also provided.

The Operations Committee meets regularly and is made up of supervisory and management personnel from all areas of banking operations and is chaired by a member of senior management. This committee is responsible for developing appropriate policies and procedures, including internal controls, respecting day-to-day, routine banking operations.

The internal audit department performs inspections in all areas of the Bank, including CWT, Valiant and CDI, and reports the results directly to senior management, as well as the Bank's CEO and Audit Committee. For CDI, inspection results are also reported directly to CDI's Audit Committee.

Credit Risk

Credit risk is the risk that a financial loss will be incurred due to the failure of a counterparty to discharge its contractual commitment or obligation to the Bank. This risk can relate to balance sheet assets, such as loans, as well as off-balance sheet assets such as guarantees and letters of credit. To diversify the risk, the exposure to a single borrower or associated borrowers is limited, unless approved by the Board of Directors, to an amount not exceeding 10% of common equity plus retained earnings.

The Bank employs and is committed to a number of important principles to manage credit exposures which include:

- a Loans Committee of the Board whose duties include approval of lending policies, establishment of lending limits for the Bank, the delegation of lending limits and the approval of larger credits as well as quarterly reports prepared by management on watch list loans, impaired loans, the adequacy of the allowance for credit losses, environmental risk and diversification of the portfolio;

- delegated lending authorities which are clearly communicated to personnel engaged in the credit granting process, a defined approval process for loans in excess of those limits and the review of larger credits by a senior management group prior to recommendation to the Loans Committee of the Board;
- credit policies, guidelines and directives which are communicated to all branches and officers whose activities and responsibilities include credit granting and risk assessment;
- appointment of personnel engaged in credit granting who are qualified, experienced bankers;
- a standardized credit risk rating classification established for all credits and reviewed not less than annually;
- annual reviews of individual credit facilities (excepting consumer loans and single-unit residential mortgages);
- quarterly review of risk diversification by geographic area, industry sector and product measured against assigned portfolio limits;
- pricing of credits commensurate with risk to ensure appropriate compensation;
- management of growth within quality objectives;
- early recognition of problem accounts and immediate implementation of steps to protect the safety of Bank funds;
- independent reviews of credit valuation, risk classification and credit management procedures by the internal audit group which includes reporting the results to senior management, the CEO and the Audit Committee;
- detailed quarterly reviews of accounts rated less than satisfactory, including establishment of an action plan for each account; and
- completion of a watch list report recording accounts with evidence of weakness, an impaired loan report covering loans which show impairment to the point where a loss is possible.

Environmental Risk

The operations of the Bank do not have a material effect on the environment. However, a risk of default may occur if a borrower is unable to repay loans due to environmental clean up costs. The Bank may become directly liable for cleanup costs when it is deemed to have taken control or ownership of a contaminated property. Risk assessment criteria and procedures are in place to manage environmental risks and these are communicated to lending personnel. Reports on environmental inspections and findings are reviewed by senior management and reported upon quarterly to the Board.

Portfolio Quality

The Bank's strategy is to maintain a quality portfolio. Efforts are directed toward achieving a wide diversification, engaging experienced personnel who provide a hands on approach in credit granting, account management and quick action when problems develop. The lending focus is primarily directed to small and medium-sized businesses and to individuals with operations conducted in the four western provinces. Relationship banking and "know your customer" are important tenets of account management. An appropriate financial return on the level of risk is fundamental. The Bank also participates in larger credits (corporate loans) through participation in selected syndications, which are generally led by the major Canadian banks. In addition to being able to lend to larger companies, this initiative also provides a degree of geographic diversification.

Liquidity Risk

Liquidity risk is the risk that CWB will not have sufficient cash to meet its obligations as they become due. This risk arises from fluctuations in cash flows from lending, deposit taking, investing and other activities. Effective liquidity management ensures that adequate cash is available to honour all cash outflow obligations. Maintenance of a prudent liquidity base also provides flexibility to fund loan growth and react to other market opportunities.

Liquidity policies include:

- measurement and forecast of cash flows;
- maintenance of a pool of high quality liquid assets;
- a stable base of core deposits from retail and commercial customers;
- limits on single deposits and sources of deposits;
- diversification of funding sources; and
- an approved contingency plan.

Key features of liquidity management are:

- daily monitoring of expected cash inflows and outflows and tracking and forecasting the liquidity position, including the flows from off-balance sheet items, on a forward four month rolling basis;
- consideration of the term structure of assets and liabilities, with emphasis on deposit maturities, as well as expected loan fundings and other commitments to provide funds when determining required levels of liquidity; and
- separate management of the liquidity position of the Bank and CWT to ensure compliance with related party and other regulatory tests.

Market Risk

Market risk is the impact on earnings resulting from changes in financial market variables such as interest rates and foreign exchange rates. Market risk arises when making loans, taking deposits and making investments. The Bank itself does not undertake trading activities and, therefore, does not have risks related to such activities as market making, arbitrage or proprietary trading. The Bank's material market risks are confined to interest rates and foreign exchange as discussed below.

Interest Rate Risk

Interest rate risk or sensitivity can be defined as the impact on net interest income, both current and future, resulting from a change in market interest rates. This risk and potential variability in earnings arises primarily when cash flows associated with interest sensitive assets and liabilities have different repricing dates. The differentials, or interest rate gaps, arise as a result of the financial intermediation process and reflect differences in term preferences on the part of borrowers and depositors.

A positive interest rate gap exists when interest sensitive assets exceed interest sensitive liabilities for a specific maturity or repricing period. A positive gap will result in an increase in net interest income when market interest rates rise since assets are repricing earlier than liabilities. The opposite impact will occur when market interest rates fall.

To manage interest rate risk arising as a result of the financial intermediation process, ALCO establishes policy guidelines for interest rate gap positions and meets regularly to monitor the Bank's position and decide future strategy. The objective is to manage the interest rate risk within prudent guidelines. Interest rate risk policies are approved and reviewed at least annually by the Board of Directors with quarterly reporting provided to the Board as to the gap position.

Exposure to interest rate risk is controlled by managing the size of the static gap positions between interest sensitive assets and interest sensitive liabilities for future periods. Gap analysis is supplemented by computer simulation of the asset liability portfolio structure and dollar estimates of net interest income sensitivity for periods of up to one year. The interest rate gap is measured at least monthly. Note 23 to the consolidated financial statements shows the consolidated gap position at October 31, 2005 for selected time intervals.

The gap analysis in Note 23 is a static measurement of interest rate sensitive gaps at a specific time. These gaps can change significantly in a short period of time. The impact of changes in market interest rates on earnings will depend upon the magnitude and rate of change in interest rates as well as the size and maturity structure of the cumulative interest rate gap position and management of those positions over time.

During the year, the one year and under cumulative gap decreased to negative 2.4% from positive 0.2% and the one month and under gap increased to 0.6% from 0.3%. At year-end, gaps were slightly negative although we anticipate that the Bank's asset/liability position will continue such that rising interest rates would generally be neutral to or increase net interest income.

Interest sensitive assets matched against interest sensitive liabilities are managed on a relatively risk neutral duration basis. Non-interest rate sensitive assets, liabilities and shareholders' equity are managed at a target duration of between two and three years.

Of the $2,259 million in fixed term deposit liabilities maturing within one year from October 31, 2005, approximately $2,216 million (46% of total deposit liabilities) mature by April 30, 2006 (as shown in Table 14). The term in which maturing deposits are retained will have an impact on the future asset liability structure and hence interest rate sensitivity. Approximately $216 million of the fixed term deposit liabilities maturing within one month are floating rate redeemable deposits with a one year contractual maturity, redeemable without penalty at any time.

The estimated sensitivity of net interest income to a change in interest rates is presented in Table 23. The amounts represent the estimated change in net interest income over the time period shown resulting from a one percentage point change in interest rates. If rates increase, the effect would be an increase in net interest income while the opposite would occur if rates decrease. The estimates are based on a number of assumptions and factors, which include:

- a constant structure in the asset liability portfolio;
- interest rate changes affect interest sensitive assets and liabilities by the same amount and are applied at the appropriate repricing dates; and
- no early redemptions.

Year-over-year interest sensitivity remained relatively constant as noted in Table 23.

It is management's intention to continue to manage the asset liability structure and interest rate sensitivity through pricing and product policies to attract appropriate assets and liabilities as well as through the use of interest rate swaps or other appropriate hedging techniques (see discussion under Derivative Financial Instruments). Assets and liabilities having a term to maturity in excess of five years are subject to specific review and control and, with the exception of subordinated debentures, were not material. The subordinated debentures, which are typically redeemed (subject to OSFI approval) after five years, are discussed in Note 14 to the consolidated financial statements.

Table 23 - Estimated Sensitivity of Net Interest Income as a Result of a One Percentage Point Change in Interest Rates

($ thousands)

Period	2005	2004
90 days	$ 417	$ 219
1 year	1,010	963
1 year percentage change	0.7%	0.8%

Foreign Exchange Risk

In providing financial services to its customers, the Bank has assets and liabilities denominated in U.S. dollars. At October 31, 2005, assets denominated in U.S. dollars were 1.4% (2004 – 0.8%) of total assets and U.S. dollar liabilities were 1.4% (2004 – 0.8%) of total liabilities. Currencies other than U.S. dollars are not bought or sold other than to meet specific customer needs and therefore, the Bank has no exposure to currencies other than U.S. dollars.

Foreign exchange risk arises when there is a difference between assets and liabilities denominated in U.S. dollars. Policy is established setting a limit on the difference between U.S. dollar assets and liabilities. The difference is measured daily and managed by use of U.S. dollar contracts or other means. Policy respecting foreign exchange exposure is reviewed and approved at least annually by the Board of Directors, and deviations from policy are reported to the Board and ALCO.

Insurance Risk

With the acquisition of CDI in April 2004, CWB became exposed to the elements of risk associated with the property and casualty insurance business which can cause fluctuations and uncertainties in CDI's profitability. The insurance business involves various types of insurance related risk, in particular: underwriting risk, pricing risk, claims risk, reinsurance risk and regulatory risk. Policies and procedures have been established to manage insurance related risk, as well as other

categories of risk to which CDI is exposed. CDI's Board of Directors, either directly or through a Board committee, is responsible for reviewing and approving key policies and implementing reporting requirements to monitor compliance over significant areas.

Underwriting risk is the risk of financial loss due to inappropriate selection of customers and is reduced through controls built into CDI's rating and underwriting system. These controls include eligibility audits and a review by senior staff of exceptions. Pricing risk is the risk that products may be inappropriately priced due to actual experience not matching the assumptions made at the time pricing is determined. This is mitigated by regular underwriting reviews of product rate adequacy. Regulatory intervention may also impact rate adequacy.

Claims risk includes the risk of financial loss due to adverse deviation in the amount, frequency or timing of claims. Policies and procedures are in place to ensure that properly trained staff handle claims. However, the process for establishing the provision for unpaid claims may reflect significant judgment and uncertainty, especially with respect to liability claims. Factors such as inflation, claims settlement patterns, legislative activity and litigation trends may impact the actual claims amount as the claims are adjusted over time.

The risk that CDI might be exposed to single large claims or to an accumulation of claims resulting from a natural catastrophe, such as a weather related or seismic event, is mitigated by reinsurance treaties that protect CDI from such risks. Reinsurance risk includes the risk that reinsurance counterparties are not financially strong and that underwriting strategies are inappropriately matched with reinsurance programs. CDI's reinsurance is only purchased from reinsurers meeting a certain minimum security rating. CDI's reinsurance treaties are properly matched to underwriting strategies through participation of senior underwriting staff in the process. CDI is dependent on the availability and pricing of its external reinsurance arrangements and this availability and global markets may impact pricing. If CDI is unable to renew such arrangements at favourable rates and to adequate limits then CDI may need to modify its underwriting practices or commitments.

In addition, as the insurance business is heavily regulated, CDI is exposed to regulatory risk. This is evidenced by the recent provincial government changes to auto insurance in Alberta. This risk is countered mainly by monitoring current developments and by actively participating in relevant bodies and associations in order to contribute CDI's perspective.

Operational Risk

Operational risk is inherent in all business activities, including banking, trust and insurance operations. It is the potential for loss as a result of external events, human error or inadequacy or failure of processes, procedures or controls. Its impact can be financial loss, loss of reputation, loss of competitive position or regulatory penalties. CWB is exposed to operational risk from internal business activities and from activities that are outsourced. The financial measure of operational risk is actual losses incurred. No material losses occurred in 2005 or 2004.

Strategies to minimize and manage operational risk include:

- a knowledgeable and experienced management team that is committed to the risk management policies;
- regular meetings of the Operations Committee, a management committee made up of supervisory and management personnel from all banking operational areas and chaired by a member of senior management, which is responsible for the development and recommendation of policies and procedures regarding day-to-day, routine banking operations;
- communication of the importance of effective risk management to all levels of staff through training and policy implementation;
- regular inspections for compliance and the effectiveness of procedural controls by a strong, independent internal audit team;
- centralized reporting of operating losses for risk assessment;
- implementation of policies and procedural controls appropriate to address identified risks and which include segregation of duties and built-in checks and balances;
- use of technology via automated systems with built-in controls;
- continual review and upgrade of systems and procedures; and
- updated and tested procedures and contingency plans for disaster recovery and business continuity.

In addition, the external auditors provide management and the Audit Committee with any recommendations for improvements to internal controls or procedures identified during their annual examination of the consolidated financial statements. CWB also maintains appropriate insurance coverage through a financial institution bond policy.

Litigation Risk

It is possible that litigation, and in particular class action litigation, may increase in Canada as a result of changes in Canadian securities laws. Litigation risk is also inherent in each of the business lines of the Bank, including trust services where CWT and Valiant act as trustee. Litigation risk cannot be eliminated, even if there is no legal cause of action. To mitigate litigation risk, the Bank and its subsidiaries continuously monitor and review their processes and procedures.

UPDATED SHARE INFORMATION

As at November 30, 2005, the Bank had 30,613,634 common shares outstanding. In addition, employee stock options have been issued which are or will be exercisable for up to 2,398,012 common shares (2,892,388 authorized) for maximum proceeds of $47.0 million.

On December 8, 2005, a quarterly cash dividend of $0.12 per share was declared payable on January 5, 2006 to shareholders of record on December 15, 2005.

CONTROLS AND PROCEDURES

As of October 31, 2005, an evaluation was carried out of the effectiveness of the Bank's disclosure controls and procedures as defined in *Multilateral Instrument 52-109*. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the design and operation of those disclosure controls and procedures were effective.

This Management's Discussion and Analysis is dated as of December 8, 2005.

FINANCIAL STATEMENTS

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The consolidated financial statements of Canadian Western Bank and related financial information presented in this annual report have been prepared by management, who are responsible for the integrity and fair presentation of the information presented which includes the consolidated financial statements, Management's Discussion and Analysis (MD&A) and other information. The consolidated financial statements were prepared in accordance with Canadian generally accepted accounting principles including the requirements of the Bank Act and related rules and regulations issued by the Superintendent of Financial Institutions Canada. The MD&A has been prepared in accordance with the requirements of securities regulators, including National Instrument 51-102 of the Canadian Securities Administrators.

The consolidated financial statements, MD&A and related financial information reflect amounts which must, of necessity, be based on informed estimates and judgments of management with appropriate consideration to materiality. The financial information presented elsewhere in this annual report is fairly presented and consistent with that in the consolidated financial statements.

Management has designed the accounting system and related internal controls and supporting procedures are maintained, to provide reasonable assurance that financial records are complete and accurate, assets are safeguarded and the Bank is in compliance with all regulatory requirements. These supporting procedures include the careful selection and training of qualified staff, defined division of responsibilities and accountability for performance, and the written communication of policies and guidelines of business conduct and risk management throughout the Bank.

The system of internal controls is also supported by the internal audit department which carries out periodic inspections of all aspects of the Bank's operations. The Chief Internal Auditor has full and free access to the Audit Committee and to the external auditors.

The Audit Committee, appointed by the Board of Directors, is comprised entirely of independent directors who are not officers or employees of the Bank. The Committee is responsible for reviewing the financial statements and annual report, including management's discussion and analysis of operations and financial condition, and recommending them to the Board of Directors for approval. Other key responsibilities of the Audit Committee include meeting with management, the Chief Internal Auditor and the external auditors to discuss the effectiveness of internal controls over the financial reporting process and the planning and results of the external audit. The Committee also meets regularly with the Chief Internal Auditor and the external auditors without management present.

The Conduct Review Committee, appointed by the Board of Directors, is composed of directors who are not officers or employees of the Bank. Their responsibilities include reviewing related party transactions and reporting to the Board of Directors those transactions which may have a material impact on the Bank.

The Superintendent of Financial Institutions Canada, at least once a year, makes such examination and enquiry into the affairs of the Bank as he may deem necessary or expedient to satisfy himself that the provisions of the Bank Act, having reference to the safety of the depositors and policyholders of the Bank, are being duly observed and that the Bank is in a sound financial condition.

Deloitte & Touche LLP, the independent auditors appointed by the shareholders of the Bank, have performed an audit of the consolidated financial statements and their report follows. The external auditors have full and free access to, and meet periodically with, the Audit Committee to discuss their audit and matters arising therefrom.

Larry M. Pollock
President and Chief Executive Officer
December 8, 2005

Tracey C. Ball, CA
Executive Vice President and Chief Financial Officer

AUDITOR'S REPORT

To The Shareholders of Canadian Western Bank

We have audited the Consolidated Balance Sheets of Canadian Western Bank as at October 31, 2005 and 2004 and the Consolidated Statements of Income, Changes in Shareholders' Equity and Cash Flow for the years then ended. These consolidated financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Bank as at October 31, 2005 and 2004 and the results of its operations and its cash flow for the years then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Deloitte & Touche LLP
Chartered Accountants
Edmonton, Alberta
December 1, 2005

CONSOLIDATED BALANCE SHEETS

As at October 31
($ thousands)

		2005	2004
Assets			
Cash Resources			
Cash		$ 2,759	$ 2,831
Deposits with regulated financial institutions		228,441	229,895
Cheques and other items in transit		4,954	–
		236,154	232,726
Securities	(Note 4)		
Issued or guaranteed by Canada		327,744	238,153
Issued or guaranteed by a province or municipality		139,235	148,555
Other securities		235,927	153,779
		702,906	540,487
Securities Purchased under Resale Agreements		36,940	74,966
Loans	(Note 5)		
Residential mortgages		944,122	700,791
Other		3,688,661	3,268,643
		4,632,783	3,969,434
Allowance for credit losses	(Note 6)	(42,520)	(39,320)
		4,590,263	3,930,114
Other			
Land, buildings and equipment	(Note 7)	19,575	18,499
Goodwill	(Note 8)	6,933	6,933
Intangible assets	(Note 8)	3,766	4,309
Insurance related	(Note 9)	56,955	55,583
Other assets	(Note 10)	51,536	55,278
		138,765	140,602
Total Assets		$ 5,705,028	$ 4,918,895
Liabilities and Shareholders' Equity			
Deposits	(Note 11)		
Payable on demand		$ 271,121	$ 190,214
Payable after notice		1,015,867	662,518
Payable on a fixed date		3,626,319	3,415,056
		4,913,307	4,267,788
Other			
Cheques and other items in transit		19,990	18,175
Insurance related	(Note 12)	108,152	90,427
Other liabilities	(Note 13)	77,463	64,316
		205,605	172,918
Subordinated Debentures	(Note 14)		
Conventional		128,126	68,126
Convertible		–	42,474
		128,126	110,600
Shareholders' Equity			
Capital stock	(Note 15)	213,098	167,125
Contributed surplus		2,810	1,159
Retained earnings		242,082	199,305
		457,990	367,589
Total Liabilities and Shareholders' Equity		$ 5,705,028	$ 4,918,895

Jack C. Donald
Chairman

Larry M. Pollock
President and Chief Executive Officer

CONSOLIDATED STATEMENTS OF INCOME

For the year ended October 31
($ thousands, except per share amounts)

		2005	2004
Interest Income			
Loans		$ 247,926	$ 218,597
Securities		20,893	15,023
Deposits with regulated financial institutions		4,395	4,565
		273,214	238,185
Interest Expense			
Deposits		129,318	118,087
Subordinated debentures		7,551	6,760
		136,869	124,847
Net Interest Income		136,345	113,338
Provision for Credit Losses	(Note 6)	10,100	9,390
Net Interest Income after Provision for Credit Losses		126,245	103,948
Other Income			
Insurance, net	(Note 17)	15,731	7,896
Credit related		15,710	13,641
Trust services		8,009	6,208
Retail services		5,797	5,066
Gains on sale of securities		870	1,685
Foreign exchange gains and other		1,579	1,603
		47,696	36,099
Net Interest and Other Income		173,941	140,047
Non-interest Expenses			
Salaries and employee benefits		56,608	45,998
Premises and equipment		16,764	13,922
Other expenses		17,347	14,487
Provincial capital taxes		1,837	1,993
		92,556	76,400
Net Income before Provision for Income Taxes		81,385	63,647
Provision for income taxes	(Note 18)	26,994	19,486
Net Income		$ 54,391	$ 44,161
Earnings Per Common Share[1]	(Note 19)		
Basic		$ 1.80	$ 1.65
Diluted		$ 1.74	$ 1.50

[1] A stock dividend effecting a two-for-one split of the Bank's common shares was declared and paid in 2005. All prior period per common share information has been restated to reflect this effective split.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the year ended October 31
($ thousands)

		2005	2004
Capital Stock	(Note 15)		
Balance at beginning of year		$ 167,125	$ 150,782
Issued on debenture conversions		42,474	11,351
Issued on exercise of employee stock options		3,480	4,992
Transferred from contributed surplus on the exercise or exchange of options		19	–
Balance at end of year		213,098	167,125
Contributed Surplus			
Balance at beginning of year		1,159	252
Amortization of fair value of employee stock options	(Note 16)	1,670	907
Transferred to capital stock on the exercise or exchange of options		(19)	–
Balance at end of year		2,810	1,159
Retained Earnings			
Balance at beginning of year		199,305	165,197
Net income		54,391	44,161
Dividends		(11,573)	(10,038)
Share issue costs, net of income taxes of $166 (2004 – $37)		(301)	(66)
Interest forgone on conversion by debenture holders, net of income taxes of $140 (2004 – $30)		260	51
Balance at end of year		242,082	199,305
Total Shareholders' Equity		$ 457,990	$ 367,589

CONSOLIDATED STATEMENTS OF CASH FLOW

For the year ended October 31
($ thousands)

		2005	2004
Cash Flows from Operating Activities			
Net income		$ 54,391	$ 44,161
Adjustments to determine net cash flows:			
Provision for credit losses		10,100	9,390
Depreciation and amortization		5,333	4,291
Future income taxes, net		(3,900)	414
Gain on sale of securities, net		(870)	(1,685)
Accrued interest receivable and payable, net		(5,969)	(7,458)
Current income taxes payable, net		14,912	(9,826)
Other items, net		33,532	(6,851)
		107,529	32,436
Cash Flows from Financing Activities			
Deposits, net		645,519	448,038
Debentures issued	(Note 14)	60,000	–
Common shares issued	(Note 15)	3,480	4,992
Dividends		(11,573)	(10,038)
		697,426	442,992
Cash Flows from Investing Activities			
Interest bearing deposits with regulated financial institutions, net		(17,807)	58,645
Securities, purchased		(1,380,634)	(1,167,608)
Securities, sales proceeds		662,296	152,088
Securities, matured		553,083	935,708
Securities purchased under resale agreements, net		38,026	(2,966)
Loans, net		(670,249)	(410,501)
Land, buildings and equipment		(5,866)	(7,833)
Business acquisitions	(Note 3)	–	(33,697)
		(821,151)	(476,164)
Change in Cash and Cash Equivalents		(16,196)	(736)
Cash and Cash Equivalents at Beginning of Year		19,786	20,522
Cash and Cash Equivalents at End of Year *		$ 3,590	$ 19,786
* Represented by:			
Cash resources		$ 236,154	$ 232,726
Non-operating, interest bearing deposits with regulated financial institutions		(212,574)	(194,765)
Cheques and other items in transit (included in Other Liabilities)		(19,990)	(18,175)
Cash and Cash Equivalents at End of Year		$ 3,590	$ 19,786

		2005	2004
Supplemental Disclosure of Cash Flow Information			
Amount of interest paid in the year		$ 139,356	$ 129,426
Amount of income taxes paid in the year		$ 16,777	$ 29,276

October 31, 2005
($ thousands, except per share amounts)

1. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with subsection 308 (4) of the Bank Act which states that, except as otherwise specified by the Office of the Superintendent of Financial Institutions Canada (OSFI), the financial statements are to be prepared in accordance with Canadian generally accepted accounting principles (GAAP). The significant accounting policies used in the preparation of these financial statements, including the accounting requirements of OSFI, are summarized below. These accounting policies conform, in all material respects, to Canadian GAAP.

The preparation of financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the year. Key areas of estimation where management has made subjective judgments, often as a result of matters that are inherently uncertain, include those relating to the allowance for credit losses, the fair value of financial instruments, goodwill and intangible assets, provision for unpaid claims and adjustment expenses, and the future income tax asset and liability. Therefore, actual results could differ from these estimates.

a) Basis of Consolidation

The consolidated financial statements include the assets, liabilities and results of operations of the Bank and all of its subsidiaries, after the elimination of intercompany transactions and balances. Subsidiaries are defined as corporations whose operations are controlled by the Bank and are corporations in which the Bank is the beneficial owner. See Note 28 for details of the subsidiaries.

b) Business Combinations, Goodwill and Other Intangible Assets

Business acquisitions are accounted for using the purchase method. Goodwill is the excess of the purchase price paid for the acquisition of a subsidiary over the fair value of the net assets acquired, including identifiable intangible assets. Goodwill and other intangibles with an indefinite life are not amortized, but are subject to a fair value impairment test at least annually. Other intangibles with a finite life are amortized to the statement of income over their expected lives not exceeding 10 years. These intangible assets are tested for impairment whenever circumstances indicate that the carrying amount may not be recoverable. Any impairment of goodwill or other intangible assets will be charged to the consolidated statement of income in the period of impairment.

c) Cash and Cash Equivalents

Cash and cash equivalents presented on the consolidated statements of cash flow include cash and non-interest bearing deposits with other banks less cheques in transit.

d) Securities

Securities are held in either the investment account or the trading account.

Investment account securities are purchased with the original intention to hold the securities to maturity or until market conditions render alternative investments more attractive. Debt securities and preferred shares are stated at amortized cost and other equity securities are stated at cost or, if an impairment in value is other than temporary, at net realizable value. Gains and losses realized on disposal of securities and adjustments to record any other than temporary impairment in value are included in other income. Amortization of premiums and discounts are reported in interest income from securities in the consolidated statements of income.

Trading account securities, which are purchased for resale over a short period of time, are carried at estimated current market value. Gains and losses realized on disposal and adjustments to market value are reported in other income in the consolidated statements of income in the period during which they occur.

e) Securities Purchased Under Resale Agreements and Securities Purchased Under Reverse Resale Agreements

Securities purchased under resale agreements represent a purchase of Government of Canada securities by the Bank effected with a simultaneous agreement to sell them back at a specified price on a future date, which is generally short term. Securities purchased under resale agreements are carried at cost. The difference between the cost of the purchase and the predetermined proceeds to be received on a resale agreement is recorded as security interest income.

Securities purchased under reverse resale agreements represent a sale of Government of Canada securities by the Bank effected with a simultaneous agreement to buy them back at a specified price on a future date, which is generally short term. Securities sold under reverse resale agreements are carried at cost. The difference between the proceeds of the sale and the predetermined cost to be paid on a resale agreement is recorded as deposit interest expense. There were no securities purchased under reverse resale agreements outstanding at year-end.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Loans

Loans are stated net of unearned income, unamortized premiums and an allowance for credit losses (Note 1(g)).

Interest income is recorded on the accrual basis except for loans classified as impaired. Loans are determined to be impaired when payments are contractually past due 90 days, or where the Bank has taken realization proceedings, or where the Bank's management is of the opinion that the loan should be regarded as impaired. An exception may be made where management determines that the loan is well secured and in the process of collection and the collection efforts are reasonably expected to result in either repayment of the loan or restoring it to a current status within 180 days from the date the payment went in arrears. All loans are classified as impaired when a payment is 180 days in arrears other than loans guaranteed or insured for both principal and interest by the Canadian government, the provinces or a Canadian government agency. These loans are classified as impaired when payment is 365 days in arrears.

Impairment is measured as the difference between the carrying value of the loan at the time it is classified as impaired and the present value of the expected cash flows (estimated realizable amount), using the interest rate inherent in the loan at the date the loan is classified as impaired. When the amounts and timing of future cash flows cannot be reliably estimated, either the fair value of the security underlying the loan, net of any expected realization costs, or the current market price for the loan may be used to measure the estimated realizable amount. At the time a loan is classified as impaired, interest income will cease to be recognized in accordance with the loan agreement, and any uncollected but accrued interest will be added to the carrying value of the loan together with any unamortized premiums, discounts or loan fees. Subsequent payments received on an impaired loan are recorded as a reduction of the recorded investment in the loan. Impaired loans are returned to performing status when the timely collection of both principal and interest is reasonably assured and all delinquent principal and interest payments are brought current and all charges for loan impairment have been reversed.

Loan fees, net of directly related costs, are amortized to interest income over the expected term of the loan when such fees are considered to be an integral part of the return earned on the particular loan. Premiums paid on the acquisition of loan portfolios are amortized to interest income over the expected term of the loans.

g) Allowance for Credit Losses

An allowance for credit losses is maintained which, in the Bank's opinion, is adequate to absorb credit related losses in its loan portfolio. The adequacy of the allowance for credit losses is reviewed at least quarterly. The allowance for credit losses is deducted from the outstanding loan balance.

The allowance for credit losses consists of specific provisions and the general allowance for credit risk. Specific provisions include all the accumulated provisions for losses on identified impaired loans required to reduce the carrying value of those loans to their estimated realizable amount. The general allowance for credit risk includes provisions for future losses inherent in the portfolio that are not presently identifiable by management of the Bank on an account-by-account basis. The general allowance for credit risk is established by taking into consideration historical trends in the loss experience during economic cycles, the current portfolio profile, estimated losses for the current phase of the economic cycle and historical experience in the industry.

Actual write-offs, net of recoveries, are deducted from the allowance for credit losses. The provision for credit losses in the consolidated statements of income is charged with an amount sufficient to keep the balance in the allowance for credit losses adequate to absorb all credit related losses.

h) Land, Buildings and Equipment

Land is carried at cost. Buildings, equipment and furniture, and leasehold improvements are carried at cost less accumulated depreciation and amortization. Depreciation and amortization are calculated primarily using the straight-line method over the estimated useful life of the asset as follows: buildings – 20 years, equipment and furniture – three to five years, and leasehold improvements – term of the lease. Gains and losses on disposal are recorded in other income in the year of disposal.

i) Deferred Financing Costs

Deferred financing costs relating to the issuance of debentures are amortized on a straight-line basis over the expected life of the related debenture.

j) Insurance Operations

Premiums Earned and Deferred Policy Acquisition Costs

Insurance premiums are included in other income on a daily pro rata basis over the terms of the underlying insurance policies. Unearned premiums represent the portion of premiums written that relate to the unexpired term of the policies in force and are included in other liabilities.

Policy acquisition costs are those expenses incurred in the acquisition of insurance business. Acquisition costs comprise advertising and marketing expenses, insurance advisor salaries and benefits, premium taxes and other expenses directly attributable to the production of business. Policy acquisition costs related to unearned premiums are only deferred, and included in other assets, to the extent that they are expected to be recovered from unearned premiums and are amortized to income over the periods in which the premiums are earned.

Unpaid Claims and Adjustment Expenses

The provision for unpaid claims represents the amounts needed to provide for the estimated ultimate expected cost of settling claims related to insured events (both reported and unreported) that have occurred on or before each balance sheet date. The provision for adjustment expenses represents the estimated ultimate expected costs of investigating, resolving and processing these claims. These provisions are included in other liabilities and their computation takes into account the time value of money using discount rates based on projected investment income from the assets supporting the provisions.

All provisions are periodically reviewed and evaluated in the light of emerging claims experience and changing circumstances. The resulting changes in estimates of the ultimate liability are recorded as incurred claims in the current period.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Reinsurance Ceded

Earned premiums and claims expenses are recorded net of amounts ceded to, and recoverable from, reinsurers. Estimates of amounts recoverable from reinsurers on unpaid claims and adjustment expenses are recorded in other assets and are estimated in a manner consistent with the liabilities associated with the reinsured policies.

k) Income Taxes

The Bank follows the asset and liability method of accounting for income taxes whereby current income taxes are recognized for the estimated income taxes payable for the current year. Future tax assets and liabilities represent the cumulative amount of tax applicable to temporary differences between the carrying amount of the assets and liabilities, and their values for tax purposes. Future tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Changes in future income taxes related to a change in tax rates are recognized in income in the period of the tax rate change. All future income tax assets are expected to be realized in the normal course of operations.

l) Stock Option Plan

The fair value based method has been adopted to account for stock options granted to employees on or after November 1, 2002. The estimated fair value is recognized over the applicable vesting period as an increase to both salary expense and contributed surplus. In accordance with GAAP, no expense is recognized for options granted prior to November 1, 2002. When options are exercised, the proceeds received and the applicable amount, if any, in contributed surplus are credited to capital stock.

m) Translation of Foreign Currencies

Assets and liabilities denominated in foreign currencies are translated into Canadian dollars at rates prevailing at the balance sheet date. Revenues and expenses in foreign currencies are translated at the average exchange rates prevailing during the year. Realized and unrealized gains and losses on foreign currency positions are included in other income.

n) Derivative Financial Instruments

Interest rate, foreign exchange and equity contracts such as futures, options, swaps and floors are entered into for risk management purposes in accordance with the Bank's asset liability management policies. It is the Bank's policy not to utilize derivative financial instruments for trading or speculative purposes. Interest rate swaps and floors are used to reduce the impact of fluctuating interest rates. Equity contracts are used to offset the return paid to depositors on certain deposit products that are linked to a stock index. Foreign exchange contracts are only used for the purposes of meeting needs of clients or day-to-day business.

The Bank designates each derivative financial instrument as a hedge of identified assets and liabilities, firm commitments or forecasted transactions. On an ongoing basis, the Bank assesses whether the derivatives that are used in hedging transactions are effective in offsetting changes in fair values or cash flows of the hedged items. Derivatives that qualify for hedge accounting are accounted for on the accrual basis. Interest income received or interest expense paid is recognized as interest income or expense, as appropriate, over the term of the hedge contract. Premiums on purchased contracts are amortized to interest expense over the term of the contract. Accrued interest receivable and payable and deferred gains and losses for these contracts are recorded in other assets or liabilities as appropriate. Realized and unrealized gains or losses associated with derivative instruments, which have been terminated or cease to be effective prior to maturity, are deferred under other assets or other liabilities, as appropriate, and amortized into income over the original hedged period. In the event a designated hedged item is terminated or eliminated prior to the termination of the related derivative instrument, any realized or unrealized gain or loss on such derivative instrument is recognized in other income.

o) Employee Future Benefits

All employee future benefits are accounted for on an accrual basis. The Bank's contributions to the group retirement savings plan and employee share purchase plan totalled $3,697 (2004 – $3,493).

p) Earnings per Common Share

Basic earnings per common share is calculated based on the average number of common shares outstanding during the year. Diluted earnings per share is calculated based on the treasury stock method which assumes that any proceeds from the exercise of in-the-money stock options would be used to purchase the Bank's common shares at the average market price during the year. Convertible debentures are assumed to be converted into common shares at the beginning of the year, or at the date the debenture was issued if later, and all related income statement charges are added back to earnings.

2. CHANGES IN ACCOUNTING POLICIES

Consolidation of Variable Interest Entities (VIEs)

The Canadian Institute of Chartered Accountants (CICA) issued an accounting guideline effective November 1, 2004. The guideline provides a framework for identifying VIEs and requires the consolidation of VIEs if the company is the primary beneficiary of the VIE. These requirements had no impact on the Bank's financial statement presentation.

Liabilities and Equity

Effective November 1, 2004, certain obligations that must or could be settled with a variable number of the issuer's own equity instruments are required to be presented in the financial statements as liabilities rather than equity. These requirements had no impact on the Bank's financial statement presentation.

Asset Retirement Obligations

Effective November 1, 2004, the liability for an asset retirement obligation relating to a long-lived asset must be recorded at fair value in the period in which it is incurred and can be reasonably estimated. The offset to the liability is capitalized as part of the carrying amount of the related long-lived asset. These requirements had no impact on the Bank's financial statement presentation.

3. BUSINESS ACQUISITIONS

On April 30, 2004, the Bank acquired all the outstanding shares of HSBC Canadian Direct Insurance Incorporated (subsequently renamed Canadian Direct Insurance Incorporated). Canadian Direct Insurance Incorporated offers property and casualty insurance directly to consumers in British Columbia and Alberta. The Bank also acquired Valiant Trust Company on April 29, 2004 by purchasing all the outstanding shares of its holding company Corporate Shareholder Services Inc. Valiant Trust Company is a non-deposit taking, specialty trust company based in Calgary, Alberta that provides stock transfer and corporate trustee services to public companies and income trusts. The results of operations for the two companies have been included in the Bank's consolidated financial statements since the dates of acquisition.

The total cost of the acquisitions of $33,697 was paid in cash. The following table summarizes the fair value of the assets acquired and liabilities assumed:

Net Assets Acquired		
Cash resources	$	9,537
Securities		48,036
Other assets		55,626
Other intangible assets		4,580
Goodwill		6,933
Other liabilities, including future income tax liability of $1,718		(91,015)
Total	$	33,697

The cash resources acquired were included in interest bearing deposits with regulated financial institutions on the consolidated statement of cash flows. The identified intangible assets include a trademark, a non-competition agreement, computer software and customer relationships. The trademark, which has a value of $300, is not subject to amortization. Goodwill includes $3,679 related to the banking and trust segment and $3,254 related to the insurance segment. The total amount of goodwill and intangible assets will not be deductible for income tax purposes.

4. SECURITIES

The analysis of securities at carrying value, by type and maturity, is as follows:

	Maturities				2005	2004
	Within 1 Year	Over 1 to 3 Years	Over 3 to 5 Years	Over 5 Years	Total Book Value	Total Book Value
Securities						
Issued or guaranteed by Canada	$ 281,544	$ 41,915	$ 1,570	$ 2,715	$ 327,744	$ 238,153
Issued or guaranteed by a province or municipality	82,115	50,033	2,439	4,648	139,235	148,555
Other debt securities	66,687	31,828	4,194	9,284	111,993	41,406
Equity securities						
Preferred shares	–	9,218	25,230	86,637	121,085	107,104
Other equity	–	–	–	2,849[2]	2,849	5,269
Total [1]	$ 430,346	$ 132,994	$ 33,433	$ 106,133	$ 702,906	$ 540,487

[1] All securities are held in the investment account.

[2] Includes securities with no specific maturity.

4. SECURITIES (continued)

The analysis of unrealized gains and losses on investment securities is as follows:

	2005				2004			
	Book Value	Unrealized Gains	Unrealized Losses	Estimated Market Value	Book Value	Unrealized Gains	Unrealized Losses	Estimated Market Value
Securities issued or guaranteed by:								
Canada	$ 327,744	$ 1	$ 804	$ 326,941	$ 238,153	$ 11	$ 227	$ 237,937
A province or municipality	139,235	68	367	138,936	148,555	409	132	148,832
Other debt securities	111,993	96	424	111,665	41,406	50	38	41,418
Equity securities								
Preferred shares	121,085	1,954	361	122,678	107,104	1,564	739	107,929
Other equity	2,849	–	614	2,235	5,269	–	365	4,904
Total	$ 702,906	$ 2,119	$ 2,570	$ 702,455	$ 540,487	$ 2,034	$ 1,501	$ 541,020

5. LOANS

Outstanding gross loans and impaired loans, net of allowances for credit losses, are as follows:

	2005				2004			
	Gross Amount	Gross Impaired Amount	Specific Allowance	Net Impaired Loans	Gross Amount	Gross Impaired Amount	Specific Allowance	Net Impaired Loans
Consumer and personal	$ 557,795	$ 2,146	$ 579	$ 1,567	$ 431,891	$ 847	$ 386	$ 461
Real estate	1,763,203	1,215	722	493	1,556,411	4,485	1,494	2,991
Industrial	889,569	3,036	740	2,296	724,853	4,819	1,335	3,484
Commercial	1,422,216	5,090	4,017	1,073	1,256,279	14,739	7,289	7,450
Totals	$ 4,632,783	$ 11,487	$ 6,058	5,429	$ 3,969,434	$ 24,890	$ 10,504	14,386
General allowance[1]				(36,462)				(28,816)
Net impaired loans after general allowance				$ (31,033)				$ (14,430)

[1] The general allowance for credit risk is available for the total loan portfolio.

[2] There are no foreclosed real estate assets held for sale.

Other past due loans are loans where payment of interest or principal is contractually 90 to 180 days in arrears or government insured loans where payment of interest or principal is contractually not more than 365 days in arrears but are not classified as impaired because they are well secured and considered fully collectible. There are no outstanding other past due loans.

During the year, interest recognized as income on impaired loans totalled $645 (2004 – $449).

6. ALLOWANCE FOR CREDIT LOSSES

The following table shows the changes in the allowance for credit losses during the year.

	2005			2004		
	Specific Provisions	General Allowance for Credit Risk	Total	Specific Provisions	General Allowance for Credit Risk	Total
Balance at beginning of year	$ 10,504	$ 28,816	$ 39,320	$ 7,807	$ 27,558	$ 35,365
Provision for credit losses	2,454	7,646	10,100	8,132	1,258	9,390
Write-offs	(7,140)	–	(7,140)	(5,745)	–	(5,745)
Recoveries	240	–	240	310	–	310
Balance at end of year	$ 6,058	$ 36,462	$ 42,520	$ 10,504	$ 28,816	$ 39,320

7. LAND, BUILDINGS AND EQUIPMENT

	Cost	Accumulated Depreciation and Amortization	2005 Net Book Value	2004 Net Book Value
Land	$ 2,783	$ –	$ 2,783	$ 2,783
Buildings	4,548	2,551	1,997	2,288
Computer equipment	17,422	12,874	4,548	4,294
Office equipment and furniture	10,241	7,134	3,107	2,874
Leasehold improvements	14,326	7,186	7,140	6,260
Total	$ 49,320	$ 29,745	$ 19,575	$ 18,499

Depreciation and amortization for the year amounted to $4,787 (2004 – $4,020).

8. GOODWILL AND INTANGIBLE ASSETS

	Cost	Accumulated Amortization	2005 Net Book Value	2004 Net Book Value
Goodwill	$ 6,933	$ –	$ 6,933	$ 6,933
Identifiable intangible assets				
Customer relationships	3,950	705	3,245	3,715
Trademark	300	–	300	300
Others	330	109	221	294
	4,580	814	3,766	4,309
Total	$ 11,513	$ 814	$ 10,699	$ 11,242

Amortization of customer relationships and other intangible assets for the year amounted to $543 (2004 – $271). The trademark has an indefinite life and is not subject to amortization. Goodwill includes $3,679 related to the banking and trust segment and $3,254 related to the insurance segment. There were no writedowns of goodwill or intangible assets due to impairment during the years ended October 31, 2005 and 2004.

9. INSURANCE RELATED OTHER ASSETS

	2005	2004
Instalment premiums receivable	$ 18,768	$ 16,588
Reinsurers' share of unpaid claims and adjustment expenses	14,124	12,106
Reinsurers' share of unearned premiums	9,254	10,670
Deferred policy acquisition expenses	7,432	6,483
Recoverable on unpaid claims	5,591	4,888
Due from reinsurers	1,786	4,848
Total	$ 56,955	$ 55,583

10. OTHER ASSETS

		2005	2004
Accrued interest receivable		$ 19,752	$ 16,270
Future income tax asset	(Note 18)	12,455	8,329
Prepaid expenses		7,651	9,473
Accounts receivable		6,259	11,716
Deferred financing costs[1]		896	1,076
Taxes receivable		–	5,169
Other		4,523	3,245
Total		$ 51,536	$ 55,278

[1] Amortization for the year amounted to $215 (2004 – $215). During the year, deferred financing costs of $467 (2004 – $103) were charged to retained earnings on the conversion of debentures and were offset against forfeited interest (see also Note 14).

11. DEPOSITS

	Individuals	Business and Government	Financial Institutions	2005 Total
Payable on demand	$ 14,947	$ 256,174	$ –	$ 271,121
Payable after notice	400,279	615,588	–	1,015,867
Payable on a fixed date	2,581,835	1,028,510	15,974	3,626,319
Total	$ 2,997,061	$ 1,900,272	$ 15,974	$ 4,913,307

	Individuals	Business and Government	Financial Institutions	2004 Total
Payable on demand	$ 11,388	$ 178,826	$ –	$ 190,214
Payable after notice	247,575	414,943	–	662,518
Payable on a fixed date	2,719,912	674,807	20,337	3,415,056
Total	$ 2,978,875	$ 1,268,576	$ 20,337	$ 4,267,788

12. INSURANCE RELATED OTHER LIABILITIES

	2005	2004
Unpaid claims and adjustment expenses	$ 50,012	$ 36,970
Unearned premiums	47,938	43,220
Due to insurance companies	7,183	7,116
Unearned reinsurance commissions	3,019	3,121
Total	$ 108,152	$ 90,427

13. OTHER LIABILITIES

		2005	2004
Accrued interest payable		$ 50,220	$ 52,707
Taxes payable		11,856	726
Accounts payable		9,623	4,528
Future income tax liability	(Note 18)	1,674	1,727
Deferred revenue		1,108	941
Other		2,982	3,687
Total		$ 77,463	$ 64,316

14. SUBORDINATED DEBENTURES

Each of the following qualifies as a bank debenture under the Bank Act and is subordinate in right of payment to all deposit liabilities. All redemptions are subject to the approval of the Office of the Superintendent of Financial Institutions (OSFI).

Interest Rate	Maturity Date	Earliest Date Redeemable or Convertible by CWB	2005	2004
Conventional				
6.85%[1]	June 30, 2012	June 30, 2007	$ 3,126	$ 3,126
5.66%[2]	July 7, 2013	July 7, 2008	30,000	30,000
5.96%[2]	October 24, 2013	October 24, 2008	35,000	35,000
5.55%[3]	November 19, 2014	November 19, 2009	60,000	–
			128,126	68,126
Convertible				
5.50%[4]	March 31, 2008	March 31, 2003	–	42,474
			–	42,474
Total			$ 128,126	$ 110,600

[1] This conventional debenture has a 10-year term with a fixed interest rate for the first five years. Thereafter, unless the terms are amended or the debenture is redeemed by the Bank, interest will be payable at a rate equal to the Canadian Dollar CDOR 90 day Bankers' Acceptance rate plus 100 basis points.

[2] These conventional debentures have a 10-year term with a fixed interest rate for the first five years. Thereafter, the interest rate will be reset quarterly at the Canadian Dollar CDOR 90 day Bankers' Acceptance rate plus 175 basis points.

[3] These conventional debentures have a 10-year term with a fixed interest rate for the first five years. Thereafter, the interest rate will be reset quarterly at the Canadian Dollar CDOR Bankers' Acceptance rate plus 160 basis points.

[4] These debentures were convertible into common shares at the option of the holder at any time prior to maturity, or the date specified for redemption by the Bank, whichever was earlier, at a conversion price of $15.25 per share (2004 – 2,785,192 post-stock dividend shares). On November 5, 2004, the Bank announced its intention to redeem all the outstanding debentures for common shares on December 14, 2004. Under the terms of the trust indenture, the trustee converted all remaining outstanding debentures into common shares on the last day before the redemption date. Interest expense, net of tax, accrued on the debentures prior to conversion and forfeited by the debenture holders of $260 (2004 – $51) was credited to retained earnings.

Subsequent to year-end, on November 21, 2005, the Bank issued $70,000 of conventional subordinated debentures. The debentures have a fixed interest rate of 5.426% until November 21, 2010. Thereafter, the rate will be reset quarterly at the Canadian dollar CDOR 90-day Bankers' Acceptance rate plus 180 basis points until maturity on November 21, 2015. The Bank may redeem the debentures on or after November 22, 2010 with the approval of the OSFI.

15. CAPITAL STOCK

Authorized:

An unlimited number of common shares without nominal or par value
33,964,324 class A shares without nominal or par value
25,000,000 first preferred shares without nominal or par value, issuable in series

Issued and fully paid:

	2005			2004		
	Number of Shares		Amount	Number of Shares		Amount
Common shares						
Outstanding at beginning of year	27,330,260	$	167,125	26,004,132	$	150,782
Issued on conversion of debentures	2,785,144		42,474	802,014		11,351
Issued on exercise or exchange of options	498,230		3,480	524,114		4,992
Transferred from contributed surplus on exercise or exchange of options	–		19	–		–
Outstanding at end of year	30,613,634	$	213,098	27,330,260	$	167,125

A stock dividend effecting a two-for-one split of the Bank's common shares was declared and paid during 2005. All prior period common share information has been restated to reflect this effective split.

The Bank is prohibited by the Bank Act from declaring any dividends on common shares when the Bank is or would be placed, as a result of the declaration, in contravention of the capital adequacy and liquidity regulations or any regulatory directives issued under the Act. These limitations do not restrict the current level of dividends.

16. SHARE INCENTIVE PLAN

The Bank has authorized 2,892,388 [1] common shares (2004 – 2,532,618) for issuance under the share incentive plan. Of the amount authorized, options exercisable into 2,390,012 shares (2004 – 2,521,470) are issued and outstanding. The options generally vest within three years and are exercisable at a fixed price equal to the average of the market price on the day of and the four days preceding the grant. All options expire within 10 years of date of grant. Outstanding options expire on dates ranging from May 2006 to September 2010.

A stock dividend effecting a two-for-one split of the Bank's common shares was declared and paid during 2005. All prior period option and per option information has been restated to reflect this effective split.

The details of and changes in the issued and outstanding options follow:

	2005			2004		
Options	Number of Options		Weighted Average Exercise Price	Number of Options		Weighted Average Exercise Price
Balance at beginning of year	2,521,470	$	14.93	2,307,984	$	12.01
Granted	541,050[1]		31.26	757,000		20.12
Exercised	(631,008)		11.24	(524,114)		9.53
Forfeited	(41,500)		17.21	(19,400)		16.37
Balance at end of year	2,390,012	$	19.56	2,521,470	$	14.93
Exercisable at end of year	448,362	$	10.16	1,037,400	$	10.67

[1] Of this amount, 247,624 options (750,000 authorized) are subject to shareholder and Toronto Stock Exchange approval.

Further details relating to stock options outstanding and exercisable follow:

	Options Outstanding				Options Exercisable		
Range of exercise prices	Number of Options	Weighted Average Remaining Contractual Life (years)		Weighted Average Exercise Price	Number of Options		Weighted Average Exercise Price
$6.47 to $9.56	272,380	1.7	$	8.20	272,380	$	8.20
$10.22 to $13.60	355,982	1.7		13.21	175,982		13.21
$16.52 to $19.99	546,100	2.9		17.00	–		–
$20.11 to $23.75	684,500	3.8		20.21	–		–
$27.39 to $38.86	531,050	4.8		31.42	–		–
Total	2,390,012	3.2	$	19.56	448,362	$	10.16

In March 2005, shareholders approved amendments to the share incentive plan. The terms of the plan now allow the holders of vested options a cashless settlement alternative whereby the option holder can either (a) elect to receive shares by delivering cash to the Bank in the amount of the option exercise price or (b) elect to receive the number of shares equivalent to the excess of the market value of the shares under option over the exercise price. Of the 413,014 options exercised or exchanged since March 2005, option holders exchanged the rights to 309,114 options and received 176,336 shares in return under the cashless settlement alternative.

Salary expense of $1,670 (2004 – $907) was recognized relating to the estimated fair value of options granted since November 1, 2002. The fair value of options granted was estimated using a binomial option pricing model with the following variables and assumptions: (i) risk-free interest rate of 3.3% (2004 – 3.8%), (ii) expected option life of 4.0 (2004 – 3.9) years, (iii) expected volatility of 18% (2004 – 19%), and (iv) expected dividends of 1.3% (2004 – 1.8%). The weighted average fair value of options granted was estimated at $5.58 (2004 – $3.26) per share.

During the year, $19 (2004 – $nil) was transferred from contributed surplus to share capital, representing the estimated fair value recognized for 6,500 (2004 – nil) options granted after November 1, 2002 and exercised this year.

17. INSURANCE OPERATIONS

The Bank acquired Canadian Direct Insurance Incorporated on April 30, 2004. Accordingly, the results of operations have been included since the date of acquisition. The following information outlines issues specifically related to insurance operations.

a) Insurance Income

Insurance income reported in other income on the consolidated statements of income is presented net of claims, adjustment and policy acquisition expenses.

		2005 12 Months		2004 6 Months
Net earned premiums and other	$	72,422	$	30,761
Net claims, adjustment and policy acquisition expenses		56,691		22,865
Insurance revenues, net	$	15,731	$	7,896

b) Unpaid Claims and Adjustment Expenses

(i) Nature of Unpaid Claims

The establishment of the provision for unpaid claims and adjustment expenses and the related reinsurers' share is based on known facts and interpretation of circumstances and is therefore a complex and dynamic process influenced by a large variety of factors. These factors include experience with similar cases and historical trends involving claim payment patterns, loss payments, pending levels of unpaid claims, product mix or concentration, claims severity and claims frequency patterns.

Other factors include the continually evolving and changing regulatory and legal environment, actuarial studies, professional experience and expertise of the claims department personnel and independent adjusters retained to handle individual claims, the quality of the data used for projection purposes, existing claims management practices including claims handling and settlement practices, the effect of inflationary trends on future claims settlement costs, investment rates of return, court decisions, economic conditions and public attitudes. In addition, time can be a critical part of the provision determination, since the longer the span between the incidence of a loss and the payment or settlement of the claim, the more variable the ultimate settlement amount can be. Accordingly, short-tailed claims, such as property claims, tend to be more reasonably predictable than long-tailed claims, such as liability claims.

Consequently, the establishment of the provision for unpaid claims and adjustment expenses relies on the judgment and opinions of a large number of individuals, on historical precedent and trends, on prevailing legal, economic, social and regulatory trends and on expectations as to future developments. The process of determining the provisions necessarily involves risks that the actual results will deviate, perhaps substantially, from the best estimates made.

ii) Provision for Unpaid Claims and Adjustment Expenses

An annual evaluation of the adequacy of unpaid claims is completed at the end of each financial year. This evaluation includes a reestimation of the liability for unpaid claims relating to each preceding financial year compared to the liability that was originally established. The results of this comparison and the changes in the provision for unpaid claims and adjustment expenses follow:

		2005 12 Months		2004 6 Months
Unpaid claims and adjustment expenses, net, beginning of period	$	19,976	$	15,885
Claims incurred				
In the current period		41,391		10,970
In prior periods		1,056		188
Claims paid during the period		(32,126)		(7,067)
Unpaid claims and adjustment expenses, net, end of period		30,297		19,976
Reinsurers' share of unpaid claims and adjustment expenses, end of period		14,124		12,106
Recoverable on unpaid claims		5,591		4,888
Unpaid claims and adjustment expenses, end of period	$	50,012	$	36,970

The provision for unpaid claims and adjustment expenses and related reinsurance recoveries are discounted using rates based on the projected investment income from the assets supporting the provisions, and reflecting the estimated timing of payments and recoveries. The investment rate of return used for all cash flow periods was 3.7% (2004 – 3.8%). However, that rate was reduced by a 1% (2004 – 1%) provision for adverse deviation in discounting the provision for unpaid claims and adjustment expenses and related reinsurance recoveries. The impact of this provision for adverse deviation results in an increase of $555 (2004 - $423) in unpaid claims and adjustment expenses and related reinsurance recoveries.

17. INSURANCE OPERATIONS (continued)

Policy balances, included in insurance related other assets and other liabilities, analysed by major line of business are as follows:

	2005				2004			
		Automobile		Home		Automobile		Home
Unpaid claims and adjustment expenses	$	44,215	$	5,797	$	31,977	$	4,993
Reinsurers' share of unpaid claims and adjustment expenses		12,091		2,033		9,599		2,507
Unearned premiums		36,900		11,038		33,438		9,782
Reinsurers' share of unearned premiums		7,046		2,208		8,225		2,445

c) Underwriting Policy and Reinsurance Ceded

Reinsurance contracts with coverage up to maximum policy limits are entered into to protect against losses in excess of certain amounts that may arise from automobile, personal property and liability claims.

Reinsurance with a limit of $120,000 (2004 – $100,000) is obtained to protect against certain catastrophic losses. Due to the geographic concentration of the business, management believes earthquakes and windstorms are its most significant exposure to catastrophic losses. Utilizing sophisticated computer modelling techniques developed by independent consultants to quantify the estimated exposure to such losses, management believes there is sufficient catastrophe reinsurance protection.

Effective January 1, 2005, 20 percent of gross retentions, including unearned premiums as at December 31, 2004, were ceded under a new quota share agreement. The previous quota share agreement, ceding 25 percent of gross retention, expired December 31, 2004.

At October 31, 2005, $14,124 (2004 – $12,106) of unpaid claims and adjustment expenses was recorded as recoverable from the reinsurers.

Failure of a reinsurer to honour its obligation could result in losses. The financial condition of its reinsurers are regularly evaluated to minimize the exposure to significant losses from reinsurer insolvency.

The amounts shown in other income are net of the following amounts relating to reinsurance ceded to other insurance companies:

		2005 12 Months		2004 6 Months
Premiums earned reduced by	$	22,536	$	12,129
Claims incurred reduced by		11,761		6,661

18. INCOME TAXES

The provision for income taxes consists of the following:

		2005		2004
Current	$	30,894	$	19,072
Future		(3,900)		414
Provision for income taxes	$	26,994	$	19,486

A reconciliation of the statutory tax rates and income tax that would be payable at these rates to the effective income tax rates and provision for income taxes that is reported in the consolidated statements of income follows:

		2005			2004	
Combined Canadian federal and provincial income taxes and statutory tax rate	$	28,305	34.8%	$	22,532	35.4%
Increase (decrease) arising from:						
Tax-exempt income		(2,651)	(3.3)		(4,095)	(6.4)
Large corporations tax		219	0.3		351	0.6
Other		1,121	1.4		698	1.0
Provision for income taxes and effective tax rate	$	26,994	33.2%	$	19,486	30.6%

Future income tax balances are comprised of the following:

		2005		2004
Net future income tax assets				
Allowance for credit losses	$	12,037	$	10,007
Other temporary differences		418		(1,678)
	$	12,455	$	8,329
Net future income tax liabilities				
Intangible assets	$	1,444	$	1,596
Allowance for credit losses		(576)		(439)
Other temporary differences		806		570
	$	1,674	$	1,727

The Bank has approximately $11,140 (2004 – $11,832) of capital losses which are available to apply against future capital gains and have no expiry date. The tax benefit of these losses has not been recognized in the consolidated financial statements.

19. EARNINGS PER COMMON SHARE

The calculation of earnings per common share is as follows:

		2005		2004
Numerator				
Net income - basic	$	54,391	$	44,161
Dilutive instruments:				
Conversion of debentures[1]		134		1,733
Net income - diluted	$	54,525	$	45,894
Denominator				
Weighted average number of common shares outstanding - basic		30,197,100		26,782,484
Dilutive instruments:				
Conversion of debentures[1]		241,565		3,095,744
Employee stock options[2]		819,632		738,934
Weighted average number of common shares outstanding - diluted		31,258,297		30,617,162
Earnings per Common Share				
Basic	$	1.80	$	1.65
Diluted	$	1.74	$	1.50

[1] Net income is adjusted by the potential impact on earnings if the convertible debentures were converted into common shares at the beginning of the year. During the year, all outstanding convertible debentures were converted into common shares.

[2] At October 31, the denominator excludes 391,050 (2004 – 251,000) employee stock options with an adjusted average exercise price of $38.54 (2004 – $23.33) where the adjusted exercise price is greater than the monthly average market price.

A stock dividend effecting a two-for-one split of the Bank's common shares was declared and paid during 2005. All prior period share and per share information has been restated to reflect this effective split.

20. CONTINGENT LIABILITIES AND COMMITMENTS

a) Credit Instruments

In the normal course of business, the Bank enters into various commitments and has contingent liabilities which are not reflected in the consolidated balance sheets. These items are reported below and are expressed in terms of the contractual amount of the related commitment.

		2005		2004
Credit Instruments				
Guarantees and standby letters of credit	$	127,608	$	94,270
Commitments to extend credit		1,640,985		989,433
Total	$	1,768,593	$	1,083,703

Guarantees and standby letters of credit represent the Bank's obligation to make payments to third parties when a customer is unable to make required payments or meet other contractual obligations. These instruments carry the same credit risk, recourse and collateral security requirements as loans extended to customers and generally have a term that does not exceed one year. Losses, if any, resulting from these transactions are not expected to be material.

Commitments to extend credit to customers also arise in the normal course of business and include undrawn availability under lines of credit and commercial operating loans of $550,445 (2004 – $370,000) and recently authorized but unfunded loan commitments of $1,090,540 (2004 – $619,000). In the majority of instances, availability of undrawn commercial commitments is subject to the borrower meeting specified financial tests or other covenants regarding completion or satisfaction of certain conditions precedent. It is also usual practice to include the right to review and withhold funding in the event of a material adverse change in the financial condition of the borrower. From a liquidity perspective, undrawn credit authorizations will be funded over time with draws in many cases extending over a period of months. In some instances, authorizations are never advanced or may be reduced because of changing requirements. The balance of commitments to extend credit shown in the table above does not account for principal drawdowns or paybacks that occur in the normal course of operations. Revolving credit authorizations are subject to repayment which on a pooled basis also decreases liquidity risk.

20. CONTINGENT LIABILITIES AND COMMITMENTS (continued)

b) Lease Commitments

The Bank has obligations under long-term non-cancellable operating leases for the rental of premises and office equipment. Minimum future lease commitments for each of the five succeeding years and thereafter are as follows:

2006	$	5,199
2007		5,230
2008		5,042
2009		4,548
2010		4,204
2011 and thereafter		24,332
Total	$	48,555

c) Guarantees

A guarantee is defined as a contract that contingently requires the guarantor to make payments to a third party based on i) changes in an underlying economic characteristic that is related to an asset, liability or equity security of the guaranteed party, ii) failure of another party to perform under an obligating agreement, or iii) failure of another third party to pay indebtedness when due.

Significant guarantees provided to third parties include guarantees and standby letters of credit as discussed above.

In the ordinary course of business, the Bank enters into contractual arrangements under which the Bank may agree to indemnify the other party. Under these agreements, the Bank may be required to compensate counterparties for costs incurred as a result of various contingencies such as changes in laws and regulations and litigation claims. A maximum potential liability cannot be identified as the terms of these arrangements vary and generally no predetermined amounts or limits are identified. The likelihood of occurrence of contingent events that would trigger payment under these arrangements is either remote or difficult to predict and in the past payments under these arrangements have been insignificant.

The Bank issues personal and business credit cards through an agreement with a third party card issuer. The Bank has indemnified the card issuer from loss if there is a default on the issuer's collection of the business credit card balances. The Bank has provided no indemnification relating to the personal or travel reward credit card balances. The issuance of business credit cards and establishment of business credit card limits are approved by the Bank and subject to the same credit assessment, approval and monitoring as the extension of direct loans. At year-end, the total approved business credit card limit was $4,608 (2004 – $2,002) and the balance outstanding was $1,148 (2004 – $376).

No amounts are reflected in the consolidated financial statements related to these guarantees and indemnifications.

d) Legal Proceedings

In the ordinary course of business, the Bank and its subsidiaries are party to legal proceedings. Based on current knowledge, the Bank does not expect the outcome of any of these proceedings to have a material effect on the consolidated financial position or results of operations.

21. TRUST ASSETS UNDER ADMINISTRATION

Trust assets under administration of $2,649,065 (2004 – $1,759,473) represent assets held for personal and corporate clients, administered by subsidiaries, and are kept separate from the subsidiaries' own assets. Trust assets under administration are not reflected in the consolidated balance sheets.

Effective this year, trust assets under administration are presented at market value which is standard for the industry. In the prior year, trust assets under administration were presented at historical cost. Comparative figures have not been restated as market value information is not readily available.

22. RELATED PARTY TRANSACTIONS

The Bank makes loans, primarily residential mortgages, to its officers and employees at various preferred rates and terms. The total amount outstanding for these types of loans is $29,175 (2004 – $27,045).

23. INTEREST RATE SENSITIVITY

The Bank is exposed to interest rate risk as a result of a difference, or gap, between the maturity or repricing behaviour of interest sensitive assets and liabilities. The interest rate gap is managed by forecasting core balance trends. The repricing profile of these assets and liabilities has been incorporated in the table below showing the gap position at October 31 for selected time intervals. Figures in brackets represent an excess of liabilities over assets or a negative gap position.

Asset Liability Gap Positions
($ millions)

October 31, 2005	Floating Rate and Within 1 Month	1 to 3 Months	3 Months to 1 Year	Total Within 1 Year	1 Year to 5 Years	Over 5 Years	Non-interest Sensitive	Total
Assets								
Cash resources	$ 94	$ 21	$ 57	$ 172	$ 31	$ –	$ 33	$ 236
Securities	74	62	331	467	164	106	3	740
Loans	2,403	175	473	3,051	1,565	17	(43)	4,590
Other assets	–	–	–	–	–	–	138	138
Derivative financial instruments[1]	–	22	223	245	379	–	–	624
Total	$ 2,571	$ 280	$ 1,084	$ 3,935	$ 2,139	$ 123	$ 131	$ 6,328
Liabilities and Equity								
Deposits	$ 1,908	$ 440	$ 1,091	$ 3,439	$ 1,474	$ –	$ –	$ 4,913
Other liabilities	5	9	12	26	25	–	154	205
Debentures	–	–	–	–	128	–	–	128
Shareholders' equity	–	–	–	–	–	–	458	458
Derivative financial instruments[1]	624	–	–	624	–	–	–	624
Total	$ 2,537	$ 449	$ 1,103	$ 4,089	$ 1,627	$ –	$ 612	$ 6,328
Interest Rate Sensitive Gap	$ 34	$ (169)	$ (19)	$ (152)	$ 512	$ 123	$ (481)	$ –
Cumulative Gap	$ 34	$ (135)	$ (154)	$ (154)	$ 358	$ 481	$ –	$ –
Cumulative Gap as a Percentage of Total Assets	0.5%	(2.1%)	(2.4%)	(2.4%)	5.7%	7.6%	–	–
October 31, 2004								
Total assets	$ 2,322	$ 236	$ 937	$ 3,495	$ 2,102	$ 72	$ 145	$ 5,814
Total liabilities and equity	2,304	265	913	3,482	1,831	–	501	5,814
Interest Rate Sensitive Gap	$ 18	$ (29)	$ 24	$ 13	$ 271	$ 72	$ (356)	$ –
Cumulative Gap	$ 18	$ (11)	$ 13	$ 13	$ 284	$ 356	$ –	$ –
Cumulative Gap as a Percentage of Total Assets	0.3%	(0.2)%	0.2%	0.2%	4.9%	6.1%	–	–

[1] Derivative financial instruments are included in this table at the notional amount.

[2] Accrued interest is excluded in calculating interest sensitive assets and liabilities.

[3] Potential prepayments of fixed rate loans and early redemption of redeemable fixed term deposits have not been estimated. Redemptions of fixed term deposits where depositors have this option are not expected to be material. The majority of fixed rate loans, mortgages and leases are either closed or carry prepayment penalties.

23. INTEREST RATE SENSITIVITY (continued)

The effective, weighted average interest rates for each class of financial asset and liability, including off-balance sheet instruments, are shown below.

Weighted Average Effective Interest Rates (%)

October 31, 2005	Floating Rate and Within 1 Month	1 to 3 Months	3 Months to 1 Year	Total Within 1 Year	1 Year to 5 Years	Over 5 Years	Total
Assets							
Cash resources	3.4%	2.9%	3.0%	3.2%	3.6	– %	3.3%
Securities	2.9	2.9	3.0	3.0	4.0	6.0	3.6
Loans	5.7	5.5	6.0	5.7	6.0	5.6	5.8
Derivative financial instruments	–	3.2	3.6	3.6	3.5	–	3.5
Total	5.5	4.5	4.4	5.2	5.3	6.0	5.2
Liabilities							
Deposits	2.2	3.2	3.6	2.7	3.6	–	3.0
Debentures	–	–	–	–	5.7	–	5.7
Derivative financial instruments	3.0	–	–	3.0	–	–	3.0
Total	2.3	3.2	3.5	2.8	3.8	–	3.0
Interest Rate Sensitive Gap	3.2%	1.4%	0.9%	2.4%	1.6%	6.0%	2.2%
October 31, 2004							
Total assets	5.1%	4.1%	4.2%	4.8%	5.4%	6.6%	5.0%
Total liabilities	2.0	3.4	3.3	2.5	3.9	–	3.0
Interest Rate Sensitive Gap	3.1%	0.7%	0.9%	2.3%	1.5%	6.6%	2.0%

24. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value represents the estimated consideration that would be agreed upon in a current transaction between knowledgeable, willing parties who are under no compulsion to act. The best evidence of fair value is a quoted market price. However, most of the Bank's financial instruments lack an available trading market as they are not typically exchanged. Therefore, these instruments have been valued assuming they will not be sold, using present value or other suitable techniques and are not necessarily representative of the amounts realizable in an immediate settlement of the instrument.

Changes in interest rates are the main cause of changes in the fair value of the Bank's financial instruments. The carrying value of the majority of the financial instruments is not adjusted to reflect increases or decreases in fair value due to interest rate changes as the Bank's intention is to realize their value over time by holding them to maturity. The carrying value of financial instruments held for trading purposes would be continually adjusted to reflect fair value. At October 31, 2005 and 2004, there were no financial instruments held for trading purposes.

The table below sets out the fair values of on-balance sheet financial instruments and off-balance sheet derivative instruments using the valuation methods and assumptions referred to below the table. The table does not include assets and liabilities that are not considered financial instruments.

	2005			2004		
	Book Value	Fair Value	Fair Value Over(Under) Book Value	Book Value	Fair Value	Fair Value Over(Under) Book Value
Assets						
Cash resources	$ 236,154	236,154	$ –	$ 232,726	$ 232,726	$ –
Securities (Note 4)	702,906	702,455	(451)	540,487	541,020	533
Securities purchased under resale agreements	36,940	36,940	–	74,966	74,966	–
Loans[1]	4,590,553	4,573,356	(17,197)	3,930,287	3,923,534	(6,753)
Other assets[2]	65,933	65,933	-	72,799	72,799	–
Liabilities						
Deposits[1]	4,913,307	4,905,696	(7,611)	4,267,788	4,283,947	16,159
Other liabilities[3]	201,376	198,796	(2,580)	170,036	168,354	(1,682)
Subordinated debentures	128,126	129,144	1,018	110,600	111,778	1,178

[1] Loans and deposits exclude deferred premiums and deferred revenue which are not financial instruments.

[2] Other assets exclude land, buildings and equipment, goodwill and other intangible assets, reinsurers' share of unpaid claims and adjustment expenses, future income tax asset, prepaid and deferred expenses, financing costs and other items which are not financial instruments.

[3] Other liabilities exclude future income tax liability, deferred revenue and other items which are not financial instruments.

[4] For further information on interest rates associated with financial assets and liabilities, including off-balance sheet instruments, refer to Note 23.

24. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

The methods and assumptions used to estimate the fair values of on-balance sheet financial instruments are as follows:

- cash resources, other assets and other liabilities are assumed to approximate their carrying values, due to their short-term nature;
- securities are assumed to be equal to the estimated market value of securities provided in Note 4. These values are based on quoted market prices, if available. Where a quoted market price is not readily available, other valuation techniques are used to estimate fair value;
- loans reflect changes in the general level of interest rates which have occurred since the loans were originated and are net of the allowance for credit losses. For floating rate loans, fair value is assumed to be equal to book value as the interest rates on these loans automatically reprice to market. For all other loans, fair value is estimated by discounting the expected future cash flows of these loans at current market rates for loans with similar terms and risks;
- deposits with no stated maturity are assumed to be equal to their carrying values. The estimated fair values of fixed rate deposits are determined by discounting the contractual cash flows at current market rates for deposits of similar terms; and
- the fair values of subordinated debentures are determined by reference to current market prices for debt with similar terms and risks.

Fair values are based on management's best estimates based on market conditions and pricing policies at a certain point in time. The estimates are subjective and involve particular assumptions and matters of judgment and as such may not be reflective of future fair values.

25. DERIVATIVE FINANCIAL INSTRUMENTS

The Bank enters into off-balance sheet derivative financial instruments for risk management purposes.

Interest rate swaps and interest rate floors (or caps) are used as hedging devices to control interest rate risk. The Bank only enters into these interest rate derivative instruments for its own account and does not act as an intermediary in this market. The credit risk is limited to the amount of any adverse change in interest rates applied on the notional contract amount should the counterparty default. Equity contracts are used to offset the return paid to depositors on certain deposit products where the return is linked to a stock index. The credit risk is limited to the average return on an equity index applied on the notional contract amount should the counterparty default. The principal amounts are not exchanged and hence are not at risk. Approved counterparties and maximum notional limits are established and monitored by the Asset Liability Committee (ALCO) of the Bank.

Foreign exchange transactions are undertaken only for the purposes of meeting needs of clients and of day-to-day business. Foreign exchange markets are not speculated in by taking a trading position in currencies. Maximum exposure limits are established and monitored by ALCO and are defined by allowable unhedged amounts. The position is managed within the allowable target range by spot and forward transactions or other hedging techniques. Exposure to foreign exchange risk is not material to the Bank's overall position.

The following table summarizes the off-balance sheet financial instrument portfolio and the related credit risk. Notional amounts represent the amount to which a rate or price is applied in order to calculate the exchange of cash flows. The notional amounts are not recorded on the consolidated balance sheets. They represent the volume of outstanding transactions and do not represent the potential gain or loss associated with the market risk or credit risk of such instruments. The replacement cost represents the cost of replacing, at current market rates, all contracts with a positive fair value. The future credit exposure represents the potential for future changes in value and is based on a formula prescribed by OSFI. The credit risk equivalent is the sum of the future credit exposure and the replacement cost. The risk-weighted balance represents the credit risk equivalent weighted according to the credit worthiness of the counterparty as prescribed by OSFI. Additional discussion of OSFI's capital adequacy requirements is provided on pages 32 and 33 of Management's Discussion and Analysis.

25. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

	2005					2004				
	Notional Amount	Replacement Cost	Future Credit Exposure	Credit Risk Equivalent	Risk-weighted Balance	Notional Amount	Replacement Cost	Future Credit Exposure	Credit Risk Equivalent	Risk-weighted Balance
Interest Rate Swaps	$ 607,500	$ 676	$ 3,013	$ 3,689	$ 738	$ 882,500	$ 3,918	$ 3,713	$ 7,631	$ 1,527
Equity Contracts	14,540	530	1,163	1,693	339	17,765	73	1,421	1,494	299
Foreign Exchange Contracts	2,214	3	22	25	5	996	–	–	–	–
Total	$ 624,254	$ 1,209	$ 4,198	$ 5,407	$ 1,082	$ 901,261	$ 3,991	$ 5,134	$ 9,125	$ 1,826

The following table shows the off-balance sheet financial instruments split between those contracts that have a positive fair value (favourable contracts) and those that have a negative fair value (unfavourable contracts).

	2005				2004			
	Favourable Contracts		Unfavourable Contracts		Favourable Contracts		Unfavourable Contracts	
	Notional Amount	Fair Value	Notional Amount	Fair Value	Notional Amount	Fair Value	Notional Amount	Fair Value
Interest Rate Swaps	$ 242,500	$ 676	$ 365,000	$ (1694)	$ 542,000	$ 3,918	$ 340,500	$ (1,377)
Equity Contracts	9,070	530	5,470	(45)	2,620	73	15,145	(278)
Foreign Exchange Contracts	1,163	3	1,051	(2)	–	–	996	(42)
Total	$ 252,733	$ 1,209	$ 371,521	$ (1,741)	$ 544,620	$ 3,991	$ 356,641	$ (1,697)

The aggregate contractual or notional amount of the off-balance sheet financial instruments on hand, the extent to which instruments are favourable or unfavourable and, thus, the aggregate fair values of these financial assets and liabilities can fluctuate significantly from time to time. The average fair values of the off-balance sheet financial instruments on hand during the year are set out in the following table.

	2005	2004
Favourable off-balance sheet financial instruments (assets)	$ 5,564	$ 6,475
Unfavourable off-balance sheet financial instruments (liabilities)	$ 637	$ 1,310

The following table summarizes maturities of off-balance sheet financial instruments and weighted average interest rates paid and received on interest rate contracts.

	2005 Maturity				2004 Maturity			
	1 year or less		Over 1 to 5 years		1 year or less		Over 1 to 5 years	
	Notional Amount	Contractual Interest Rate	Notional Amount	Contractual Interest Rate	Notional Amount	Contractual Interest Rate	Notional Amount	Contractual Interest Rate
Interest Rate Contracts								
Interest rate swaps-receive fixed amounts[1]	$ 5,000	3.05%	$ 602,500	3.06%	$ 140,000	2.47%	$ 742,500	3.54%
Equity Contracts[2]	5,470		9,070		4,725		13,040	
Foreign Exchange Contracts[2]	2,214		–		783		–	
Total	$ 12,684		$ 611,570		$ 145,508		$ 755,540	

[1] The Bank pays (floating) interest amounts based on the one-month (30 day) Canadian Bankers' Acceptance rate.

[2] The contractual interest rate is not meaningful for equity contracts or foreign exchange contracts.

26. RISK MANAGEMENT

As part of the Bank's risk management practices, the risks that are significant to the business are identified, monitored and controlled. These risks include credit risk, liquidity risk, market risk, insurance risk, operational risk and litigation risk. The nature of these risks and how they are managed is provided in the commentary on pages 41 to 44 of Management's Discussion and Analysis.

Information on specific measures of risk including the allowance for credit losses, derivative financial instruments, interest rate sensitivity, fair value of financial instruments and liability for unpaid claims are included elsewhere in these notes to the consolidated financial statements.

27. SEGMENTED INFORMATION

The Bank operates principally in two industry segments – banking and trust, and insurance. These two segments differ in products and services but are both within the same geographic region. Prior to the acquisition of Canadian Direct Insurance Incorporated on April 30, 2004, the Bank only had banking and trust operations.

The banking and trust segment provides services to personal clients and small to medium-sized commercial business clients primarily in Western Canada. The insurance segment provides home and automobile insurance direct to individuals in Alberta and British Columbia.

	Banking and Trust		Insurance		Total	
	2005	2004	2005	2004	2005	2004
Net interest income teb[1]	$ 137,886	$ 116,279	$ 2,434	$ 957	$ 140,320	$ 117,236
Less teb adjustment	3,925	3,898	50	–	3,975	3,898
Net interest income per financial statements	133,961	112,381	2,384	957	136,345	113,338
Other income[2]	31,721	28,134	15,975	7,965	47,696	36,099
Total revenues	165,682	140,515	18,359	8,922	184,041	149,437
Provision for credit losses	10,100	9,390	–	–	10,100	9,390
Non-interest expense[3]	82,382	71,510	10,174	4,890	92,556	76,400
Provision for income taxes	23,931	18,025	3,063	1,461	26,994	19,486
Net income	$ 49,269	$ 41,590	$ 5,122	$ 2,571	$ 54,391	$ 44,161
Total average assets ($ millions)[4]	$ 5,139	$ 4,510	$ 127	$ 57	$ 5,266	$ 4,567

[1] Taxable Equivalent Basis (teb) - Most banks analyse revenue on a taxable equivalent basis to permit uniform measurement and comparison of net interest income. Net interest income (as presented in the consolidated statements of income) includes tax-exempt income on certain securities. Since this income is not taxable, the rate of interest or dividends received is significantly lower than would apply to a loan or security of the same amount. The adjustment to taxable equivalent basis increases interest income and the provision for income taxes to what they would have been had the tax-exempt securities been taxed at the statutory rate. The taxable equivalent basis does not have a standardized meaning prescribed by generally accepted accounting principles and therefore may not be comparable to similar measures presented by other banks.

[2] Other income for the insurance segment is presented net of claims, adjustment expenses and policy acquisition expenses (see Note 17) and also includes the gain on the sale of securities.

[3] Amortization of intangible assets of $543 (2004 – $271) is included in the banking and trust segment and $nil (2004 – $nil) in the insurance segment. Amortization of land, building and equipment total $3,774 (2004 – $3,616) for the banking and trust segment and $1,027 (2004 – $404) for the insurance segment while additions amounted to $3,466 (2004 – $7,326) and $2,337 (2004 – $507). Goodwill of $3,679 is allocated to the banking and trust segment and $3,254 to the insurance segment.

[4] Assets are disclosed on an average daily balance basis as this measure is most relevant to a financial institution and is the measure reviewed by management.

[5] Transactions between the segments are reported at the exchange amount which approximates fair market value.

28. SUBSIDIARIES

Canadian Western Bank Subsidiaries

(annexed in accordance with subsection 308 (3) of the Bank Act)

October 31, 2005

	Address of Head Office		Carrying Value of Voting Shares Owned by the Bank[1]	Percentage of Issued and Outstanding Voting Shares Owned by the Bank
Canadian Western Trust Company	10303 Jasper Avenue Edmonton, Alberta	$	23,704	100%
Canadian Direct Insurance Incorporated	Suite 600, 750 Cambie Street Vancouver, British Columbia		33,430	100%
Valiant Trust Company	606 4th St. S.W. Calgary, Alberta		8,767	100%
CWB Canadian Western Financial Ltd.	10303 Jasper Avenue Edmonton, Alberta		101	100%

[1] The carrying value of voting shares is stated at the Bank's equity in the investments.

29. FUTURE ACCOUNTING CHANGES

Financial Instruments

The CICA has issued new accounting standards: Financial Instruments – Recognition and Measurement, Hedges, and Comprehensive Income, which are effective for the Bank as of November 1, 2006. As a result of adopting these standards, a new category, Other Comprehensive Income, will be added to Shareholders' Equity and certain unrealized gains or losses will be reported in other comprehensive income until realization. The impact of these new standards on the Bank's financial statements is not yet determinable as it will be dependent on the Bank's outstanding positions and their fair values at the time of implementation.

30. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current year presentation.

BOARD OF DIRECTORS

Charles R. Allard
President
Rosedale Meadows Development Inc.
Edmonton, Alberta

Albrecht W. A. Bellstedt, Q.C.
Executive Vice President,
Law and General Counsel
TransCanada Corporation
Calgary, Alberta

Jack C. Donald (Chairman)
President & CEO
Parkland Properties Ltd.
Red Deer, Alberta

Allan W. Jackson
President
ARCI Ltd.
Calgary, Alberta

Wendy A. Leaney
President
Wyoming Associates Ltd.
Toronto, Ontario

Robert A. Manning
President
Cathton Holdings Ltd.
Edmonton, Alberta

Gerald A.B. McGavin, FCA, CM
President
McGavin Properties Ltd.
Vancouver, British Columbia

Howard E. Pechet
President
Mayfield Consulting Inc.
La Jolla, California, USA

Robert L. Phillips
President
R.L. Phillips Investments Inc.
Vancouver, British Columbia

Larry M. Pollock
President and Chief Executive Officer
Canadian Western Bank & Trust
Edmonton, Alberta

Alan M. Rowe, CA
Senior Vice President,
Chief Financial Officer and
Corporate Secretary
Crown Life Insurance Company
Regina, Saskatchewan

Arnold J. Shell
President
Arnold J. Shell Consulting Inc.
Calgary, Alberta

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Jordan L. Golding
Arthur G. Hiller
Peter M.S. Longcroft
Dr. Maurice W. Nicholson
Alma M. McConnell
Eugene I. Pechet
Dr. Maurice M. Pechet
Fred Sparrow

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President and
Chief Executive Officer

William J. Addington
Executive Vice President

Tracey C. Ball, CA
Executive Vice President
and Chief Financial Officer

Brian J. Young
Executive Vice President

Randy W. Garvey
Senior Vice President

Donald C. Kemp
Senior Vice President

Jack C. Wright
Senior Vice President

CORPORATE OFFICE

Chris H. Fowler
Vice President
Credit Risk Management

David R. Gillespie
Vice President and Chief Internal Auditor

Ricki L. Golick
Treasurer

Gail L. Harding, Q.C.
Vice President and General Counsel

Uve Knaak
Vice President
Human Resources

David R. Pogue
Vice President
Corporate Development

Michael Vos
Chief Technology Officer

Carolyn J. Graham, CA
Senior Assistant Vice President
and Chief Accountant

Peter K. Morrison
Vice President
Marketing and Product Development

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Vice President and Regional Manager
Northern Alberta Region

Michael N. Halliwell
Vice President and Regional Manager
Prairie Region

Greg J. Sprung
Vice President and Regional Manager
British Columbia Region

Raymond L. Young
Vice President
Real Estate Lending

James O. Burke
Vice President
Industrial Lending and Leasing

CANADIAN WESTERN TRUST COMPANY

Adrian M. Baker
Vice President and Chief Operating Officer
Trust Services

CANADIAN DIRECT INSURANCE INCORPORATED

Brian J. Young
President and Chief Executive Officer

Susannah M. Bach
Vice President
Corporate and Strategic Operations

Colin G. Brown
Chief Operating Officer

Michael Martino
Chief Financial Officer

Vince M. Muto
Vice President
Claims

VALIANT TRUST COMPANY

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AWARDS OF EXCELLENCE

Awards of Excellence recognize employees who display qualities for which CWB is known and that are inherent under the brand Think Western®. When staff Think Western®, they exceed expectations in the areas of client service (both internal and external), peer relationships, innovation, and initiative. They are enthusiastic about their work and their employer, reliable, respectful, and responsive to both customers and co-workers.

Award recipients for 2005 include:

- Lew Christie
- Margaret Elliott
- Pat Ewanchuk
- Cheryl George
- David Hardy
- Jarene Hopko
- Concepcion Jalbuena
- Ida Lee
- Sandra Manella
- Ingrid Roffel
- Marnee Watson

SHAREHOLDER INFORMATION

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STOCK EXCHANGE LISTING

The Toronto Stock Exchange
Share Symbol: CWB

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INQUIRIES FROM SHAREHOLDERS

Any notification regarding change of address or change in registration of shares should be directed to the Transfer Agent. Any inquiries other than change of address or change in registration may be directed to the President and Chief Executive Officer.

ANNUAL MEETING

The annual meeting of the common shareholders of Canadian Western Bank will be held on Thursday, March 9, 2006 at the Westin Hotel, Edmonton, Alberta at 3:00 p.m. (MT).

INVESTOR RELATIONS

For further financial information, contact:
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or visit our website at www.cwbank.com

ONLINE INVESTOR INFORMATION

Additional investor information, including supplemental financial information and a corporate presentation, is available on our website at www.cwbank.com

COMPLAINTS OR CONCERNS REGARDING ACCOUNTING, INTERNAL ACCOUNTING CONTROLS OR AUDITING MATTERS

Please contact either:
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Jake Muntain

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Wayne Dosman

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Donna Austin

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Glen Eastwood

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Chris Minke

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Ron Baker

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Gerry Laliberte

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Robert Bean

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